



# ***Daily Report***

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## **China**

**FBIS-CHI-96-030**  
**Tuesday**  
**13 February 1996**

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# Daily Report

## China

FBIS-CHI-96-030

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### General

#### **PRC: Spokesman on IPR Protection Meeting With U.S.**

*OW1302135796 Beijing ZHONGGUO XINWEN SHE in English 1239 GMT 13 Feb 96*

[FBIS Transcribed Text] Beijing, February 13 (CNS) — A Chinese Intellectual Property Rights [IPR] delegation headed by Zhang Yuejiao, Director of the Treaty and Law Department of the Ministry of Foreign Trade and Economic Cooperation, held consultations on intellectual property rights today with a visiting U.S. delegation led by Lee Sands, Assistant Trade Representative.

Speaking at a press conference this afternoon, Shen Guofang, a spokesman for the Ministry of Foreign Affairs, noted that such meetings on an annual basis since China and the United States had entered into an agreement on intellectual property rights [sentence as received].

Mr. Shen said that the Chinese Government had long attached importance to cooperation with other countries in the protection of intellectual property rights. The Chinese official added that China hoped progress would be made through the consultations.

Mr. Shen stressed that the Chinese Government highly valued intellectual property protection and regarded the same as state policy.

Since the reform and the open-door policy were introduced, the spokesman said, China had done a lot in terms of legislation, judicial procedures and law enforcement respecting intellectual property protection.

Law enforcement bodies carried out 4,200 raids and closed down business entities found to have violated the law on such property rights last year. Some of the cases have already been dealt with by the courts. Rampant infringements of copyright and trademarks as well as piracy in some areas have been curbed.

China would continue to boost law enforcement to protect these property rights and meet the needs of economic development, said the spokesman.

#### **PRC: Spokesman Views Sino-US IPR Consultations**

*OW1302102396 Beijing XINHUA in English 1013 GMT 13 Feb 96*

[FBIS Transcribed Text] Beijing, February 13 (XINHUA) — Chinese Foreign Ministry spokesman Shen Guofang expressed hope today that consultations between China and the United States on the protection of intellectual property rights (IPR) would make progress.

The consultations which began this morning in Beijing were conducted between Zhang Yuejiao, director-

general of the Treaty and Law Department of China's Ministry of Foreign Trade and Economic Co-operation, and Lee Sands, assistant of the US trade representative.

The talks are part of annual consultations, agreed after China and the US signed an agreement on IPR in March last year.

In response to a question concerning this issue at a news conference today, the spokesman said that the Chinese Government has always attached importance to the protection of IPR, which is a basic policy of the country.

"Ever since its reform and opening up, China has done a lot in the protection of IPR through legislative, judicial and law enforcement processes," he noted.

Shen pointed out that in the past year, China has carried out over 4,200 law enforcement checks; closed some law violating agencies and institutions; and handed over some cases to the judicial department for action. Rampant abuses of IPR and piracy in certain places have now been effectively controlled, he continued.

"In the future, the Chinese Government will continue to strengthen law enforcement in this regard," Shen said, adding, this was consistent with China's opening up and its economic development.

He also pointed out that China paid high attention to its co-operation with other countries in the protection of IPR.

#### **PRC: Spokesman Urges End to 'Splittist Activities'**

*OW1302095496 Hong Kong AFP in English 0939 GMT 13 Feb 96*

[FBIS Transcribed Text] Beijing, Feb 13 (AFP) — China called Tuesday on a new Taiwanese committee set up to deal with heightened cross-strait tensions to devote itself to halting the alleged plot of the island's leadership to seek independence.

"The most urgent thing for Taiwan's leadership is to give up its attempt to create two Chinas, or one China, one Taiwan and put an end to their splittist activities," Foreign Ministry spokesman Shen Guofang told a regular news briefing.

The new committee, set up Monday under the leadership of Premier Lien Chan, "should do what is favourable for this and not any other business," Shen added.

Taiwanese officials said the government had established the committee to help try to defuse tensions with Beijing, which regards Taiwan as a renegade province and threatens to invade should it declare independence.

The group — made up of representatives from the presidential office, National Security Council, the cabinet and the Taiwanese provincial government — would exchange information, decide how to respond to China's actions and inform the public.

In its first meeting Monday, it concluded that a new round of massive military exercises now being prepared by China in the Taiwan Strait were aimed at influencing the island's first presidential elections on March 23 and at disrupting the prosperous economy.

The committee is to adopt measures to boost the stock market, which has reacted badly to news of the latest drill.

Shen denied China had created the recent tensions, saying their "root cause" was "the activities carried out in the international arena by the Taiwanese authorities to create two Chinas and to split China."

"Therefore the only way to ease the tensions is to stop those activities. We hope that the small group will work out a policy to help bring an end to these activities," he added.

Ties between the long-time rival plunged last year following Taiwanese President Li Teng-hui's June visit to the United States.

China interpreted the trip as part of a plot to promote independence under the guise of boosting Taiwan's international status.

"Taiwan may only develop economic and trade relations with other countries that are of a non-governmental nature....Because Taiwan is not a country, it is only a region. It is an inalienable part of China," Shen said.

#### **PRC: UN Chief Reiterates Taiwan Part of China**

*OW1002033596 Beijing XINHUA in English  
0225 GMT 10 Feb 96*

[FBIS Transcribed Text] United Nations, February 9 (XINHUA) — United Nations Secretary-General Butrus Butrus-Ghali reiterated today U.N.'s stand that Taiwan is an integral part of China.

When answering a question at a youth forum organized by CNN television on the current tension across the Taiwan straits, Butrus-Ghali said that a resolution was adopted by the General Assembly considering Taiwan an integral part of China.

The General Assembly adopted Resolution 2758 at the 26th session in 1971 on the question of China's representation.

"So this is the official position of the United Nations, that Taiwan is an integral part of China," he said.

"Saying this, we are always promoting the dialogue and we hope that the problem between Taiwan and China can be solved peacefully," he said.

### **United States & Canada**

#### **PRC: IPR Consultation With U.S. Held in Beijing**

*OW1302041896 Beijing XINHUA in English  
0410 GMT 13 Feb 96*

[FBIS Transcribed Text] Beijing, February 13 (XINHUA) — China and the United States held consultations here this morning on bilateral intellectual property rights [IPR] issues.

This is the annual consultations between the two sides after China and the US signed an agreement on intellectual property rights in March last year.

The consultations were conducted between Zhang Yuejiao, director-general of the Treaty and Law Department of China's Ministry of Foreign Trade and Economic Co-operation, and Lee Santos, assistant of the US trade representative.

#### **PRC: U.S. 'Exaggerating' Trade Deficit With China**

*OW1302120096 Beijing China Radio International in English  
to Western North America 0400 GMT 13 Feb 96*

[From the "Current Affairs" program]

[FBIS Transcribed Text] China says the United States is exaggerating its trade deficits with China. CRI's Deng Wu reports the actual deficit last year was only a quarter of what the United States claimed, and whether or not the deficit can be reduced will largely depend on the U.S. Government. Xiao Yi has the details.

According to figures released by the U.S. Department of Commerce, by October 1995, the final U.S. trade imbalance reached \$25.5 billion in China's favor, and by the end of last year, the U.S. faced a \$35 billion trade deficit. This is an exaggeration, according to China's Customs Administration.

Chinese statistics put the total 1995 trade volume between China and the United States at \$40.8 billion. China enjoyed an \$8.6 billion surplus. Li Yan is a senior statistician with the China Customs Administration. He said the huge gap can be attributed to the different statistical approach to such calculation by the United States.

[Begin Li recording] According to the U.S. figure, nearly 80 percent of U.S. imports from China actually came from Hong Kong and other third areas. [end recording]



Li Yan said 80 percent of China's exports to the United States are transacted by Hong Kong. It is this huge amount of re-exports that causes the statistical disparity. According to a figure provided by the Hong Kong Statistics Department, prices jumped by 40 percent on all Chinese exports to the United States. Li Yan said the United States counts billions of dollars of profits for Hong Kong as part of China's export income. Another disputed area is the processing trade. Exports of assembled foreign goods account for the majority of Chinese exports to the United States. Li Yan said according to international convention, Chinese assembled products are not the same as Chinese-made ones. It is unfair to categorize these as part of the Chinese export income. In fact, the amount that can be attributed to China is only 10 percent of the total value.

Based on those facts, China's actual trade surplus with the United States last year totalled only a quarter of what the U.S. claims. (Zhou Shijian) is deputy director of the China International Trade Institute. He believes although the 8.6- billion-dollar trade imbalance is in China's favor, it does more good than harm to the U.S. economy.

[Begin (Zhou) recording in Mandarin] China's trade surplus with the United States constitutes a necessary supplement to economic development in the United States. [end recording]

(Zhou Shijian) said according to World Bank statistics, if the United States turns away from China to other countries like Brazil or Mexico for similar trade, it will spend 1.4 billion dollars more. The foreign trade expert pointed out that the U.S. trade deficit with China is not the same nature as that with Japan, whose exports are technology-intensive products. He said even American trade officials and experts understand the difference but the truth is not explained to the American public. On the other hand, (Zhou Shijian) said China has been active in offering solutions to narrow the Sino- U.S. trade imbalance.

[Begin (Zhou) recording in Mandarin] Facts have proved that China and the United States have become economic and trade partners which enjoy mutual benefit and are pivotal to each other's economic development. [end recording]

(Zhou Shijian) said to begin with, the U.S. should stop its political intervention in trading with China. Washington's economic sanctions against China imposed in 1989 are in place, and hi-tech exports to China are still restricted. These are crucial factors resulting in U.S. trade deficits with China.

For CRI I am Xiao Yi.

#### PRC: Prospects Dim for 1996 Sino-U.S. Relations

HK1302081396 Hong Kong WEN WEI PO in Chinese  
14 Jan 96 pp A1, A2

["Special Article" by Washington-based reporter Chu Hsing-fu (2612 1630 4395): "It Is Difficult To Feel Optimistic About Sino- U.S. Relations This Year"]

[PTS Translated Text for FBIS] Washington 13 Jan (WEN WEI PO)— Having experienced the fierce and frightening storms resulting from Li Teng-hui's U.S. visit last summer, Sino-U.S. relations have finally stabilized and improved in the wake of the New York Sino-U.S. summit. What kind of changes are likely to take place in bilateral relations in the new year? Will the situation of relations characterized by twists and turns and endless troubles be altered? Figures here believe that in view of the fact that great ideological differences exist between China and the United States, plus the complicated political factors inside the United States along with many unresolved problems facing the two countries, prospects for bilateral relations in 1996 really are not optimistic [bing bu le guan 1629 0008 2867 6034].

#### Dispute Over Protection of Intellectual Property Rights Remains

In the new year, aside from the dispute arising from Li Yuan-zu's "transit visit" to the United States, the first trouble facing China and the United States is possibly the aftermath of Wei jingsheng's case.

Wei Jingsheng is a pawn the United States uses to pressure China with "democracy," and some congressmen who count on playing the card of China's human rights to declare their positions in vying for more votes will certainly stick to discussing that point. The U.S. State Department under Clinton's leadership is to issue an annual human rights report by the end of this month (January), and is likely to seize this opportunity to censure China sternly out of political considerations for the general election.

The second trouble is the dispute between China and the United States over the protection of intellectual property rights. According to the usual practice of the U.S. Trade Representative Office, it will issue an annual report on trade barriers. Should the United States believe that China is not efficient in enforcing protection of intellectual property rights, in other words, that China has not opened its market wide enough to U.S. products, it will set a deadline for China to make corrections; otherwise, the U.S. side will wield its big stick of "Special 301 Action" to threaten China.

It was learned that Chinese industrial and commercial departments and the police have done much work in

protecting intellectual property rights. Particularly, those in Guangdong and Shanghai constantly checked up on related shops, and pirated products were instantly confiscated as soon as they were discovered.

It was said that those who engaged in illegal production of pirated products were mostly businessmen from Southeast Asia, Taiwan, and Hong Kong; they took advantage of China's cheap labor force to engage in illegal production of pirated copies, making it quite impossible for law-enforcement, industrial, and commercial departments to stop them all. With regard to this matter, calm is called for on the part of both China and the United States in handling such cases. Should the U.S. side carry out trade sanctions against China making no allowance for circumstances, it will inevitably cause retaliation from China. The third trouble is the UN Human Rights Commission conference to be held in Geneva in March. Countries of the Western Hemisphere, including the United States, have set forth motions on condemning China for violating human rights in five consecutive years; nevertheless, their attempts invariably ended with failure. China has time and again defeated the anti-China attempts of the United States and other countries; consequently, the political atmosphere between the United States and China has turned antagonistic. To improve the political atmosphere between the two countries, the Chinese side hopes that the United States will withdraw the motion on condemning China at the UN conference on human rights from now on; this will pave the way for China to resume dialogue with the European Union, and even the United States, on human rights on an equal footing with mutual respect.

#### UN Human Rights Conference in March

From the angle of U.S. ideology and electoral politics, however, the United States is unwilling to withdraw the motion on condemning China's human rights in the UN. Clinton's think tanks worry that the U.S. Congress and human rights organizations under Republican control will attack the Clinton administration for being too soft on China should they withdraw the motion on human rights under the present situation; consequently, Clinton would have to pay a certain political price in this general election year. It seems that a bitter struggle between China and the United States is inevitable at the UN human rights conference this year.

However, U.S. decision-makers must see that while the U.S. way may satisfy a minority at home, it will offend the Chinese people, including those young people who have "a sense of cordiality" (qin qie gan 6024 0434 1949) toward the West. According to a ZHONGGUO QINGNIAN BAO [Chinese Youth Daily] poll among some 20,000 Chinese young people last

year, approximately two-thirds of those polled indicated that the United States was the country they found most repugnant mainly because of the serious prejudice it holds against China over the human rights issue.

#### Set Forth a Thorny Issue by Taking Advantage of Taiwan's "General Election"

The fourth possible pounding is the Taiwan issue. Taiwan is to hold its "presidential election" in March. Although there is a relatively great possibility that Li Teng-hui will win, the variable can be great, for there are still two months to go. However, some Republicans in Congress who harbor ill intentions are making preparations for setting forth a motion on inviting Taiwan's first president "elected by the people" to visit the United States in the wake of the election. The Republican congressmen are doing this not really to show their sympathy and support for Taiwan's newly-elected "president," but actually to play a domestic political game by taking advantage of the issue to set forth a thorny matter for the Clinton administration; their aim is to jeopardize the U.S. strategy of engaging China and U.S. policy towards China, thus forcing Clinton to pay a political price during the general elections. Should the U.S. authorities fail to adopt resolute measures to stop the occurrence of such an incident, a great retrogression [da dao tui 1129 0227 6622] will take place in Sino-U.S. relations, while the peace and stability of the Taiwan Strait will no longer exist [dang ran wu cun 5616 3544 2477 1317].

The fifth trouble will be granting Most Favored Nation [MFN] status to China. The Jackson Vanik Amendment that dominates U.S. MFN treatment in trade is a product of the Cold War that should be eliminated; however, the United States continues to take advantage of this "leftover weapon" from the Cold War, and President Clinton will, according to usual practice, present a report to the Congress before 3 June this year. It is expected that a comparatively large number of congressmen will make a fuss about the trade deficit and demand that the Clinton administration again consider linking human rights to trade.

According to U.S. Customs statistics, the deficit in Sino-U.S. trade is likely to reach \$38 billion this year. In actual fact, this figure is far from accurate; in addition, all Chinese products in entrepot trade that transit Hong Kong, Taiwan, and the ROK destined for the United States come under China in this calculation, whereas all U.S. products in entrepot trade destined for China that transit the ROK, Taiwan, and Hong Kong are not included in its exports to China. Moreover, the U.S. Government will not provide credit for U.S. businessmen doing business in China; consequently, many



large projects have been seized by their counterparts in certain European countries. In the wake of acquiring these projects, some European businessmen utilize loans provided by their governments, with which they purchase from the United States voluminous machinery and equipment destined for China; however, the United States does not include this portion of U.S. products destined for China through entrepot trade in its calculations.

### **United States Continues To Block China's Entry to WTO**

Thus we can see that the Sino-U.S. trade deficit is not as serious as has been described. As long as marked improvement is made in bilateral political relations, their supreme leaders hold mutual visits, and a relationship based on mutual understanding and trust is set up, U.S. manufacturers and businessmen will obtain voluminous business contracts in China like their counterparts in Europe and Canada have, and the trade deficit between the two countries will naturally be narrowed. However, this year is a U.S. presidential election year, and it is impossible for Clinton to make a decision on visiting China. If mutual visits by the two heads of state fail to materialize, Sino-U.S. relations cannot be said to be fully back to normal, so appropriate and timely settlement of many contradictions including trade and economic relations are pending, and will even be intensified at times.

The sixth trouble is the WTO issue, which China is very interested in. The United States promised to support China in restoring its GATT signatory status since the early 1980's; furthermore, China has in recent years exerted great efforts in cutting back tariffs. Not long ago, EU countries proposed that China enter the GATT in a transitional status, but the proposal met with the opposition of the United States, which had all along given firm, verbal support to China's recovering its GATT status. The United States holds the view that previously Japan was allowed to join the GATT with preferential conditions, which caused the United States to suffer great losses to the present; now China, growing increasingly powerful economically, must not turn into "the second Japan"; the United States therefore insists on China being a semi-developed country, despite the fact that China still has 70 million people living below the poverty line. In China's eyes, the chief hindrance to China recovering its WTO signatory status comes from the United States. Without the hindrance from the United States, China would have returned to WTO long ago, or at least no later than this year. Nevertheless, some Republican congressmen who oppose Clinton have proposed that no consideration be given to China's

return to WTO before the general election. It was said that other congressmen are making preparations for a motion to let Taiwan enter WTO ahead of China. The United States has resorted to domestic political factors to hinder and delay China's return to WTO; this practice is unacceptable to China. If the United States insists on weighing the issue of China's return to the WTO by U.S. domestic political factors instead of commercial conditions, then political, trade, and economic relations between China and the United States will further be affected, and the United States will lose even more opportunities to make investments in China.

### **U.S. Arms Sales to Taiwan Remain a Hindrance**

The seventh potential conflict is U.S. arms sales to Taiwan and the issue of Sino-Pakistani relations. The United States accused China of violating the criteria for missile technology and its control by selling M-11 missile parts or technology to Pakistan; both China and Pakistan have denied this. Some U.S. congressmen have all along said that the United States had ready evidence on that point, and kept urging administrative departments to exercise economic sanctions against China, while the U.S. Government hoped to conduct dialogue with China on the issue of nuclear non-proliferation with the aim of avoiding economic sanctions. As of today, the U.S. side has not responded to China's proposal, and the two sides are in a deadlock on the nuclear non-proliferation issue.

The New York summit of State President Jiang Zemin and President Clinton last year created a sound atmosphere for the restoration and improvement of Sino-U.S. relations. The talks between Vice President Gore, on behalf of Clinton, and President Jiang also laid a foundation for the improvement of bilateral relations; both sides agreed to adopt certain positive measures to push bilateral relations forward. In addition to the two sides agreeing to cooperation in cracking down on international crime, drug trafficking, and environmental protection, the U.S. side invited Chinese Defense Minister Chi Haotian and Minister of Justice Xiao Yang to visit the United States early this year, and Chairman of the Joint Chiefs of Staff General Shalikashvili plans to make a reciprocal visit to China after Chi Haotian's U.S. visit.

Despite all this, Sino-U.S. relations remain fragile today and call for continuous great efforts by both sides to mend rather than worsen the situation. Both the Republicans and the Democrats acknowledge the importance of Sino-U.S. relations and are for maintaining the strategy of comprehensively engaging China. Nevertheless, the Republicans are sure to embarrass President Clinton on the China issue in this general election year in an attempt to take vengeance against Governor Clin-

ton for attacking President Bush's China policy during the presidential election four years ago. Should such a circumstance surface, China is likely to become an innocent victim amid U.S. domestic political struggles.

#### Measures Must Be Taken To Prevent Retrogression

Both the Chinese and U.S. Governments are willing to push forward the very important bilateral relations, and do not wish for a retrogression in bilateral relations. However, because of certain domestic political factors in each country, it is not likely that Clinton will take any major actions to improve relations with China. Therefore, the only practical and feasible choice is to take positive measures to prevent a retrogression in Sino-U.S. relations, for example, to recover and strengthen bilateral talks and high-level reciprocal visits, and to try to augment mutual understanding and remove unnecessary misunderstanding; only then will it be possible to maintain stable Sino-U.S. relations. If the two sides fail to take positive measures to stabilize bilateral relations, Sino-U.S. relations may be seriously affected by certain contingencies. Sino-U.S. relations today call for government officials of the two countries to give further thought to the matter, while showing the other side greater equality, respect, and mutual understanding; only then will it be possible to create a sound atmosphere of cooperation, and prevent immediate disputes and contradictions from affecting the long-range interests and cooperative relations between the two countries.

### Central Eurasia

#### PRC: Kazakhstan, China Affirm Desire To Expand Cooperation

OW0802102296 Beijing XINHUA in English  
0947 GMT 8 Feb 96

[FBIS Transcribed Text] Alma-ata, February 8 (XINHUA) — Kazakh first Prime Minister Nigmatzhan Isingarin said today his country and China enjoy good political and economic relations and hoped that cooperation between them would expand.

Isingarin said this when meeting with visiting Chinese Deputy Foreign Minister Zhang Deguang.

Isingarin said that his country and China also enjoy growing economic and trade cooperation and that there is great potential for such cooperation.

The two neighboring countries increased high-ranking contacts in the past two years, he noted, adding that Chinese Premier Li Peng's visit to Kazakhstan in 1994 and Kazakh President Nursultan Nazarbayev's trip to China in the following year had further improved bilateral ties.

He promised that Kazakhstan is committed to further efforts to expand cooperation with China.

On his part, Chinese Deputy Foreign Minister Zhang said the good-neighborly relations between the two countries have prepared the ground for a constant development of their economic and trade ties.

To further push forward economic and trade ties is in the interest of both sides, he said.

Kazakh Foreign Minister Kasymzhomart Tokayev has also met with Zhang, who is here for a two-day conference on interaction and confidence-building measures attended by 15 Asian countries that opened Wednesday.

#### PRC: Kazakh Foreign Minister on Bilateral Ties

OW1102022496 Beijing XINHUA in English  
0212 GMT 11 Feb 96

[FBIS Transcribed Text] Alma Ata, February 10 (XINHUA) — Kazakh Foreign Minister Kasymzhomart Tokayev has reiterated his country's one China policy and promised to continue to ban any separatist activities against China in Kazakh territories.

Tokayev told XINHUA in an interview on Friday [9 February] that his country recognizes that the government of the People's Republic of China is the sole legitimate government of China and Taiwan is an inseparable part of China.

On Sino-Kazakh relations, he said they are characterized by solid legal base, more high-level political dialogs and closer economic and trade cooperation.

The exchange of visits by Kazakh President Nursultan Nazarbayev and Chinese Premier Li Peng in recent years showed that the two countries are maintaining long-term neighborly and mutually beneficial relations, Tokayev said.

The good relations between the two sides are in the interests of the two peoples and conducive to stability in Asia as well, he added.

The minister also expressed gratitude to China for its support for a conference on confidence-building in Asian nations proposed by Nazarbayev.

He said China's permission for Kazakhstan to use Lianyungang, a port city in east China's Jiangsu province, as a transit point for its export cargoes has helped the country to open a new outlet to the Pacific and offered good trade opportunities between Kazakhstan and countries in the region.

The minister also talked about his country's relations with Russia and the United States.

On the European security, he said an eastward expansion of NATO seems unavoidable. However, he held that NATO has to take into account Russia's concern in this respect as well as the interests of all other parties concerned.

The foreign minister is scheduled to visit China on Monday.

**PRC: Kazak Foreign Minister Arrives in Beijing 12 Feb**

*OW1202124496 Beijing XINHUA in English  
1204 GMT 12 Feb 96*

[FBIS Transcribed Text] Beijing, February 12 (XINHUA) — Foreign Minister Qasymzhomart Toqayev of Kazakhstan arrived here today to begin his three-day official visit to China, at the invitation of Chinese Vice-Premier and Foreign Minister Qian Qichen.

This was Toqayev's first visit to China since he became foreign minister. Accompanying him were government officials and entrepreneurs.

**PRC: Qian Qichen Meets With Kazakhstani Foreign Minister**

*OW1302083096 Beijing XINHUA in English  
0805 GMT 13 Feb 96*

[FBIS Transcribed Text] Beijing, February 13 (XINHUA) — Chinese Vice-Premier and Foreign Minister Qian Qichen held talks with visiting Foreign Minister Qasymzhomart Toqayev of Kazakhstan here today.

The two foreign ministers held that China and Kazakhstan enjoy traditional friendly relations and that bilateral relations have entered a new stage since the independence of Kazakhstan in December 1991 and the establishment of diplomatic ties between the two countries in January 1992.

They added that the high-level contacts between the two countries have played a major role in promoting the cooperation between the two countries in all areas.

Qian said the relations between China and Kazakhstan have been enriched by more substantial gains. He noted that China will stick to the development of long-term, stable and good-neighborly ties with Kazakhstan.

Several days ago, Qian said, China sent a delegation to the Conference on Interaction and Confidence-Building Measures in Asia (CICA) at the deputy foreign minister's level, which was held in Alma Ata.

This shows that China and Kazakhstan share views on international issues and that the two countries are strengthening cooperation and supporting each other.

Toqayev, who arrived here Monday on a three-day official visit, said his current visit once again marked the friendly relations between Kazakhstan and China.

Kazakhstan attaches great importance to the relations with China and such relations are of "particular importance" to Kazakhstan, he was quoted by a Chinese Foreign Ministry official as saying.

Kazakhstan has started drafting the specific plans for the implementation of agreements between the two countries, he told Qian. He also praised China for making "positive contributions" to the Alma Ata meeting.

The Kazakh foreign minister stressed that Kazakhstan opposes any activities of national splittism against China. He added that Kazakhstan will stick to its "one China" policy and will not have any official ties with Taiwan.

The two foreign ministers said that the border agreement between the two countries has been effective since last September.

This is important for the two countries to further consolidate and develop their long-term, stable and good-neighborly ties as well as to maintain stability and economic prosperity along the border area, they noted.

Toqayev told Qian that the Kazakh government has established a special committee on border survey and the two countries are expected the start the work of border survey according to the agreement concerned as soon as possible.

The two foreign ministers expressed their satisfaction over the smooth development of trade ties between the two countries.

They stressed that the two countries would continue to take measures so as to further expand bilateral trade.

Qian said he believes Chinese-Kazakh economic and trade ties have a broad prospect as long as the two sides create better conditions for investment and cooperation, further improve the communication and transport conditions, and give full play to the role of the Eurasia continental bridge.

During their talks, Qian and Toqayev also exchanged views on international issues of common concern.

**PRC: CPC Official Meets Kazakhstani Foreign Minister**

*OW1302111196 Beijing XINHUA in English  
1032 GMT 13 Feb 96*

[FBIS Transcribed Text] Beijing, February 13 (XINHUA) — Li Shuzheng, head of the International Liaison



Department of the Chinese Communist Party Central Committee, met here this afternoon with visiting Foreign Minister Qasymzhomart Toqayev of Kazakhstan, exchanging opinions on issues of common concern.

This is Tokayev's first visit to China since he became Kazakhstani foreign minister, and he arrived here Monday at the invitation of Chinese Vice-Premier and Foreign Minister Qian Qichen.

**PRC: Jiang Zemin Meets Kazakhstani Foreign Minister**

OW1302113496 Beijing XINHUA in English  
1100 GMT 13 Feb 96

[FBIS Transcribed Text] Beijing, February 13 (XINHUA) — Chinese President Jiang Zemin said today that it is China's unswerving policy to promote the good-neighborly and friendly relations with Kazakhstan and other surrounding countries.

The remark came at a meeting with visiting Foreign Minister Qasymzhomart Toqayev of Kazakhstan in Beijing this afternoon.

During the meeting Jiang told the minister that bilateral ties have witnessed satisfactory developments since the two countries forged diplomatic relations four years ago.

A Sino-Kazakhstani agreement on border issues has already taken effect, indicating a major event in bilateral relations, Jiang said.

The president went on to say that bilateral economic and trade ties also enjoy a good momentum and the two sides are positively seeking new ways of cooperation.

Citing that the three China tours made by Kazakhstani President Nazarbayev had enhanced the two countries' friendly ties, Jiang voiced his belief that such ties hold great potential for future broad prospects.

China appreciates the efforts made by President Nazarbayev to maintain security in Asia and is willing to continue to exchange opinions with Kazakhstan and other countries, exploring effective ways of regional security cooperation.

Describing the China visit by President Nazarbayev last year as "very successful", Toqayev said the joint communique signed by Kazakhstan and China during the visit was of great significance in the history of two countries' relations.

He noted that his country attached importance to China's successful experience in its reform and opening up and held that it was in line with the mutual benefits to boost bilateral relations in which there are no obstacles.

The foreign minister stressed that Kazakhstan would continue to implement agreements reached by the two countries to fully tap the potential in bilateral cooperation.

**Near East & South Asia**

**PRC: Sino-Indian Diplomatic, Military Expert Group Meets**

OW0902094596 Beijing XINHUA in English  
0852 GMT 9 Feb 96

[FBIS Transcribed Text] Beijing, February 9 (XINHUA) — The fourth meeting of the Sino-Indian Diplomatic and Military Expert Group was held here from February 7 to 9.

The two sides discussed measures to implement the Agreement on the Maintenance of Peace and Tranquility along the Line of Actual Control in the China-India Border Areas, which was signed by the two governments in September, 1993.

Chinese Vice-Foreign Minister Tang Jiaxuan met with the Indian delegation headed by T.C.A. Rangachari, joint secretary of Indian Ministry of External Affairs Thursday.

**PRC: Israel Sends Medical Aid for Yunnan Quake Victims**

OW0902133796 Beijing XINHUA in English  
1302 GMT 9 Feb 96

[FBIS Transcribed Text] Beijing, February 9 (XINHUA) — An air shipment of medical aid from the Israeli government for earthquake victims of southwest China's Yunnan Province arrived here today.

The air shipment contained 124 crates and boxes of antibiotics and other medicines against the spread of infectious diseases.

In a special message to Chinese Vice-Premier and Foreign Minister Qian Qichen, Israeli Foreign Minister Ehud Barak expressed his hope that the medical aid would help relieve the distress caused by the earthquake and its aftershocks.

Israeli Ambassador to China Moshe Ben Ya'akov and leading officials from China's Ministry of Civil Affairs as well as representatives of the Yunnan provincial government were present at the airport to receive the air shipment.

Transportation of the humanitarian aid was undertaken free of charge by national airlines of the two countries — "El Al" of Israel and "Air China".

**PRC: Pakistani Minister Denies Buying Nuclear Equipment**

OW1002030996 *Beijing XINHUA in English*  
0219 GMT 10 Feb 96

[FBIS Transcribed Text] Washington, February 9 (XINHUA) — Visiting Pakistani Foreign Minister Asif Ahmad Ali today reiterated Pakistan's denial to the rumor that it had purchased from China equipment that could be used to make nuclear weapons.

Ali described as "entirely speculative" the reports which claimed that China sold Pakistan ring magnets used to refine bomb-grade uranium.

"There is no truth in them. We have flatly denied that any such thing has happened," Ali told reporters after meeting with Deputy Secretary of State Strobe Talbott.

Ali also said Pakistan had very good relations with China. But "there is nothing that should be of concern to the government of the U.S.A.," he added.

State Department spokesman Glen Davies refused to confirm the issue of the ring magnets, but saying that "we are concerned about reports of transfers from China to Pakistan."

Davies told reporters at today's news briefing that Ali and Talbott also discussed issues such as U.S.-Pakistan relations, regional security, trade and investment issues and Afghanistan.

They discussed "the current situation in Afghanistan at some length. Both of them expressing concern over the humanitarian situation in Kabul," the spokesman said.

"They agreed that foreign interference in Afghanistan was prolonging the conflict and expressed strong support for UN Special mission efforts," Davies noted.

However, Davies declined to point out the precise foreign elements that are in that country.

**West Europe**

**PRC: Wu Yi Meets British Counterpart 12 Feb**

OW1302025096 *Beijing XINHUA in English*  
0236 GMT 13 Feb 96

[FBIS Transcribed Text] London, February 12 (XINHUA) — Chinese Minister for Foreign Trade and Economic Cooperation Wu Yi and her British counterpart, Ian Lang, said here today that their two nations will promote trade cooperation.

Wu, who arrived today for a five-day visit, said during talks held at the British Department of Trade and Industry that strengthened economic cooperation would give an impetus to overall development of bilateral relations.

The two ministers agreed that the development of economic relations is in the interests of the two countries.

They promised to boost cooperation in the fields of communications, aerospace, energy, chemical industry and environmental protection.

Earlier today, the Chinese minister held separate talks with some British business leaders on investment, joint ventures and other issues.

**PRC: Portuguese Foreign Minister Arrives in Beijing 12 Feb**

OW1202131796 *Beijing XINHUA in English*  
1306 GMT 12 Feb 96

[FBIS Transcribed Text] Beijing, February 12 (XINHUA) — Portuguese Foreign Minister Jaime Gama arrived here today to begin his four-day official visit to China, at the invitation of Chinese Vice-Premier and Foreign Minister Qian Qichen.

China is among the first group of countries Gama has visited since he became foreign minister last October. His entourage includes Ambassador Jorge Ritto, chief representative of the Portuguese side of the Sino-Portuguese Joint Liaison Group, and other Foreign Ministry officials.

**PRC: Lu Ping Receives Portuguese Foreign Minister**

OW1302110296 *Beijing XINHUA in English*  
1026 GMT 13 Feb 96

[FBIS Transcribed Text] Beijing, February 13 (XINHUA) — Lu Ping, director of the Hong Kong and Macao Affairs Office of the State Council of China, met with Portuguese Foreign Minister (Jaime Gama) and his entourage here today.

Lu said that the Chinese and Portuguese governments have had good co-operation in the past nine years since the signing of the Sino-Portuguese Joint Declaration on Macao. He noted that the Sino-Portuguese Joint Liaison Group has also done a lot of work.

China hopes to continue the momentum in the good co-operation during the coming three-year transition period leading up to China's resumption of the exercise of its sovereignty over Macao, he said.

"There still exist lots of issues to be solved during the three years. But we believe that so long as both sides exert efforts in the spirit of co-operation and consultation the issues will be smoothly solved," Lu Ping said.

The smooth solution to the Macao issue accords with the interests of the people of Macao as well as being in the fundamental interests of the two countries, he added.

Gama said that the Portuguese government and Portuguese president will adhere to the policy of all-round friendly co-operation with China and of continuing to co-operate with China on the Macao issue. The Portuguese government hopes to further strengthen exchanges and dialog with China on the issue, he said.

He said he believes that the existing problems can be smoothly settled through joint efforts.

During the meeting Lu and Gama also exchanged views on the localization of public servants and laws, the official status of the Chinese language and other issues relevant to Macao.

**PRC: Jiang Zemin Receives Portuguese Communists 12 Feb**

*OW1202132596 Beijing XINHUA in English  
0959 GMT 12 Feb 96*

[FBIS Transcribed Text] Beijing, February 12 (XINHUA) — Jiang Zemin, general secretary of the Chinese Communist Party (CPC) Central Committee, met here today with a delegation from the Portuguese Communist Party (PCP).

Jiang expressed the satisfaction over the development of relations between the two communist parties.

Extending a welcome to the delegation led by PCP General Secretary Carlos Carvalhas, Jiang said that the

two communist parties have maintained good relations and "hold identical or similar views on many issues."

Jiang, who had a meeting with the PCP's Chairman Alvaro Cunhal in 1991, said that the PCP strikes its roots in the people and has a long tradition of glorious struggle.

In recent years, he said, the PCP has been exploring new ways of applying the basic theory of Marxism to the actual conditions of its country.

He added that the PCP has made "unremitting efforts and encouraging progress" in safeguarding the interests of the working people and in adhering to the goals of socialism.

Carvalhas told Jiang that the delegation has witnessed, through the visit, the profound changes that have taken place in China since its implementation of the policies of reform and opening up to the outside world.

The PCP is ready to further enhance and develop the friendly relations and cooperation with the CPC, he said.

He also wished the CPC and the Chinese people greater successes in the socialist modernization drive.

Li Shuzheng, head of the International Liaison Department of the CPC Central Committee, was present at the meeting.



### Political & Social

#### PRC: Document Cites Deng Remarks on Taiwan Blockade

HK1302085896 Hong Kong HONGKONG  
STANDARD in English 13 Feb 96 p 6

[By staff reporter]

[PTS Transcribed Text for FBIS] China appears to be paving the way for a possible blockade against Taiwan.

Senior cadres were informed recently of remarks by Deng Xiaoping that such action would be taken if Beijing felt the government in Taipei was considering independence.

No date was given for when Mr Deng made the remarks.

Meanwhile, Taiwan has confirmed it expects China to mount large-scale war games followed by measures to shore up its financial markets battered by cross-straits tensions.

Taiwan Defence Minister Chiang Chung-ling yesterday told a cabinet meeting that an increase of troops in the southeastern coastal province of Fujian had been observed.

He also said navy patrols and military flights from Beijing and Fujian had been stepped up.

The Taiwan government also announced measures that included the establishment of a NT\$200 billion (HK\$56 billion) bourse stabilising fund to boost the stock market.

The remarks by Mr Deng were in a document issued to senior Chinese officials. He was quoted as saying: "China is capable of blockading Taiwan if we consider it as necessary to solve the long-term issues to serve the national interests." The document does not specify exactly when the remarks were made.

Analysts said Mr Deng's remarks were aimed at unifying senior cadres' thinking on the issue.

They said it could be seen as an internal campaign to prepare for action.

However, the remarks said Mr Deng acknowledged military conflict would cause disastrous casualties to both economies and human life.

He was also quoted as saying Beijing was trying to achieve unification by peaceful means.

The documents also include some of Mr Deng's early remarks about Taiwan.

It indicates that as far back as 1983 Mr Deng told the then US Defence Secretary Casper Weinberger that

China would be prepared to impose a military blockade against Taiwan.

"Currently, China is not capable of a military occupation on Taiwan. But we are well equipped to stage a blockade," Mr Deng was quoted as telling Mr Weinberger.

The defence secretary was sent by then US President Ronald Reagan in a mission to persuade Beijing not to use force against Taiwan.

Analysts said Beijing was apparently using the Chinese patriarch's status and influence to justify its recent verbal assault and military intimidation of Taiwan.

The documents would also aim to justify their actions in the foreseeable future, they said.

"The possibility could not be ruled out that the document was an ideological campaign to prepare for such action," a Beijing-based diplomat said.

Mr Deng was quoted as telling Mr Weinberger that the "Chinese government would not take rash actions, and would neither assure nor promise the US that it would give up military means to solve the Taiwan issue".

Chinese sources said the internal documents were issued to brief senior party, government and army cadres on the party leadership's view of Taiwan.

Mr Deng also made his views known to a few visiting politicians from the US and Japan, the document said, adding that the two governments should have understood China's consistent stance on the issue.

Internal documents issued recently by the Propaganda Department of the party Central Committee, the General Political Department of the People's Liberation Army and the cabinet-level Taiwan Affairs Office, also published analyses on the balance of military power, including a comparison of the two rivals' hardware.

It also quoted senior generals as saying China was militarily capable of fulfilling an imminent decision to seal off the Taiwan Straits, Chinese sources with links to Beijing's Taiwan policy-makers said.

Meanwhile, in an unusual departure, Chinese Vice-Premier Zhu Rongji has said that President Lee Teng-hui of Taiwan is pursuing a policy of independence.

"Lee Teng-hui is the one who has kept going further along the path to breaking Taiwan away from the Chinese fatherland" Mr Zhu told the German daily Handelsblatt.

Mr Zhu is believed to be the first senior Chinese official to attack Mr Lee by name.

**PRC: Jiang Zemin, Others at Cremation of NPC Vice Chairman***OW1302105696 Beijing XINHUA Domestic Service in Chinese 0927 GMT 13 Feb 96*

[FBIS Translated Text] Beijing, 13 Feb (XINHUA) — The remains of Comrade Li Peiyao, National People's Congress [NPC] Standing Committee vice chairman, Chinese Kuomintang Revolutionary Committee Central Committee chairman, the CPC's close comrade-in-arms, and famous patriot and political activist, were cremated at the Babaoshan Cemetery of Revolutionaries in Beijing today.

Attending the farewell ceremony were Jiang Zemin, CPC Central Committee general secretary and president; Qiao Shi, CPC Central Committee Political Bureau Standing Committee member and NPC Standing Committee chairman; and Li Ruihuan, CPC Central Committee Political Bureau Standing Committee member and Chinese People's Political Consultative Conference [CPPCC] National Committee chairman; as well as Comrades Ding Guangen, Tian Jiyun, Li Lanqing, Li Tieying, Yang Baibing, Zou Jiahua, Jiang Chunyun, Qian Qichen, Wei Jianxing, Wen Jiabao, Wang Hanbin, Zhang Zhen, Zhang Wannian, Chi Haotian, Ren Jianxin, Ni Zhifu, Chen Muhua, Fei Xiaotong, Sun Qimeng, Lei Jieqiong, Li Ximing, Wang Guangying, Cheng Siyuan, Buhe, Wu Jieping, Song Jian, Li Guixian, Chen Junsheng, Peng Peiyun, Wang Zhaoguo, Hong Xuezhi, Qian Weichang, Qian Zhengying, Sun Fuling, Zhu Guangya and Wang Ping [as received], Li Desheng, Chen Xilian, Duan Junyi, Huang Hua, Gu Mu, Ma Wenrui, Wang Feng, Zheng Tianxiang, and Deng Liqun. Also attending were leading comrades from the CPC Central Committee General Office, the NPC Standing Committee General Office, the State Council General Office, the CPPCC National Committee General Office, the CPC Central Committee Organization and United Front Work Departments, the Ministries of Public Security and Labor, the All-China Federation of Trade Unions, the democratic parties' Central Committees, and the All-China Federation of Industry and Commerce.

After Comrade Li Peiyao passed away, Li Peng, CPC Central Committee Political Bureau Standing Committee member and State Council premier; Zhu Rongji, CPC Central Committee Political Bureau Standing Committee member and State Council vice premier; Liu Huaqing, CPC Central Committee Political Bureau Standing Committee member and Central Military Commission vice chairman; Hu Jintao, CPC Central Committee Political Bureau Standing Committee member; and Vice President Rong Yiren called or visited

Li Peiyao's family to offer their condolences and sympathy. Leading comrades Peng Zhen, Wu Bangguo, Yang Shangkun, Wan Li, Song Ping, Bo Yibo, Song Renqiong, Qin Jiwei, Wang Bingqian, Pagbalha Geleg Namgyai, Lu Jiaxi, Tomur Dawamat, Ismail Amat, Luo Gan, Zhang Siqing, Ye Xuanping, Wu Xueqian, Yang Rudai, Ngapoi Ngawang Jigme, Yang Jingren, Deng Zhaoxiang, Zhao Puchu, Ba Jin, Liu Jingji, Qian Xuesen, Hu Sheng, Henry Fok Ying-tung, Ma Man-kei, and Wan Guoquan; as well as veteran comrades Wang Shoudao, Wu Xiuquan, Liu Lantao, Xiao Ke, Yu Qiuli, Zhang Jingfu, Zhang Aiping, Lu Dingyi, Geng Biao, Ji Pengfei, Huang Huoqing, Xi Zhongxun, Peng Chong, Zhou Gucheng, Yan Jici, Ye Fei, Liao Hansheng, Wang Fang, Fang Yi, Yang Chengwu, Yang Yichen, Liu Fuzhi, Wang Heshou, and Han Guang; also called, sent messages of condolence or visited Li Peiyao's family to offer their sympathy and condolences.

Some foreign leaders and envoys to China, as well as some foreign friends and old friends of Li Peiyao also offered condolences to his family.

**PRC: Jiang Zemin Addresses Legal System Forum***OW1302025996 Beijing XINHUA Domestic Service in Chinese 1423 GMT 8 Feb 96*

[By RENMIN RIBAO reporter He Jiazheng (0149 0502 2973) and XINHUA reporter Zhang Sutang (1728 1372 1016)]

[FBIS Translated Excerpt] Beijing, 8 Feb (XINHUA) — Speaking at a CPC Central Committee forum on the legal system held for central leading comrades today, Jiang Zemin, general secretary of the CPC Central Committee and PRC president, emphatically pointed out: All party comrades should study harder and continually improve our understanding of Marxism and modern science. Listening to lectures of experts and scholars is also an effective way for leading cadres at various levels to intensify their studies.

Jiang Zemin pointed out: Enhancing the socialist legal system and administering China according to law — an important part of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics — are important party and government policies for administering state and social affairs. The objectives of persistently administering China according to law are: We will gradually legalize and regulate various tasks in China; enable the broad masses of people, under the party's leadership and in accordance with the stipulations of the Constitution and laws, to use various channels and formats to join in the administration of state affairs and economic, cultural, and social issues; and

gradually legalize socialist democracy. Persistently administering China according to law has very important significance in facilitating a sustained, rapid, and healthy development in the economy; enhancing comprehensive social progress; and ensuring China's prolonged political stability.

This was the CPC Central Committee's first forum on the socialist legal system held for central leading comrades in 1996. It was also the third legal experts' lecture attended by leading comrades, including Jiang Zemin, in a 14-month period. The two previous lectures were on the legal system for international commerce and trade and the GATT, and building a legal system for the socialist market economy. After central leading comrades attended the forum, leading cadres at various levels in various localities across China also followed suit and held activities to study legal knowledge.

At 1500 sharp, Jiang Zemin, Li Peng, Qiao Shi, Liu Huaqing, Hu Jintao, and others arrived at Zhongnanhai Huarentang's main lounge. Jiang Zemin presided at the lecture. Researcher Wang Jiafu, of the Chinese Academy of Social Sciences Law Institute, delivered a lecture, entitled: "Issues Regarding the Theories and Practice on Administering China According to Law and Establishing a Socialist Legal System in China." [passage omitted]

The lecture lasted two hours. Throughout the lecture, leading comrades, including Jiang Zemin, listened very attentively, earnestly took notes, and asked Wang Jiafu relevant questions. The atmosphere at the forum was both solemn and lively.

After the lecture was over, Jiang Zemin delivered an important speech. At the beginning, he commended Comrade Wang Jiafu for his very good lecture that integrated theory and practice and that expounded issues on enhancing socialist legal system and administering China according to law. He said: The lecture is useful for us to better understand certain important issues on enhancing the legal system and to more properly administer China's social issues through legal means. We should hold similar lectures irregularly in the future. We may also hold lectures on other topics besides the legal system.

Jiang Zemin said: Since the Third Plenary Session of the 11th CPC Central Committee, China has made major progress in enhancing its socialist legal system. China has made great strides in legislative work and formulated a series of important laws and regulations governing political, economic, cultural, and social activities. We have also attained remarkable results in publicizing general legal knowledge among all Chinese people and Chinese citizens have considerably enhanced

their awareness of socialist democracy and legal system. Moreover, we have further strengthened law enforcement and legal supervision tasks. Some localities and trades have accomplished results in facilitating administration according to law. However, we should also soberly notice that the current development of China's legal system still lags quite far behind the requirements of the overall modernization drive and the requirements for establishing a relatively complete socialist legal system. All party members and people of various nationalities across China still need to unwaveringly make efforts in this regard for a long time.

Jiang Zemin said: The history of mankind will soon usher in the 21st century. The Fifth Plenary Session of the 14th CPC Central Committee has proposed a transcentury development blueprint for China up to 2010, by which time our socialist market economy will be relatively perfect. World economic practice shows that a relatively perfect market economy definitely requires and encompasses a relatively complete legal system. We need legal guidance and regulations governing market transaction operations; market order maintenance; the state's macroeconomic regulation and control over economic activities; and various links, including production, exchanges, distribution, and consumption. International economic exchanges will also need to operate in accordance with international practice and stipulations reached between different countries. All these are inherent market requirements. While facilitating basic changes in our economic system and economic growth mode, we must improve various legal systems in accordance with the market's general rules and China's conditions to comprehensively establish a legal system that is needed by a socialist market and intensively managed economy.

He said: The economy is developing and society is progressing. New conditions and issues will continually pop up and new experiences for resolving problems will also continually arise. That is why our legal system's development must also be a continually deepening, strengthening, and improving process. It is impossible for us to complete it in one go. After studying and summarizing new conditions, issues, and experiences, we should promptly formulate relevant new laws and regulations. Consequently, we will avoid situations whereby we very haphazardly and awkwardly use old formats to passively resolve new problems. We need to pay attention to another important legislation issue: To ensure that we can implement various basic laws and regulations after they have been formulated, we must also, after accumulating practical experience, formulate various specific provisions that are required for implementing these basic laws and regulations.



Without these specific provisions, we will encounter many difficulties while earnestly implementing these basic laws and regulations.

Jiang Zemin pointed out: An important task, which aims to enhance the socialist legal system and administer China according to law, is that we should continually improve the broad masses of cadres' and people's legal understanding and their concept of legal system. Ideology guides our actions. An important link for administering China according to law is that cadres should formulate policies and execute them according to law, whereas the important foundation for administering China according to law is that citizens self-consciously abide by the laws and safeguard the state's and their own rights and interests according to law. The level of the broad masses of cadres' and people's legal understanding will directly affect the process of administering China according to law. Practical experience shows: If the law is imperfect and there are serious loopholes in the system, culprits will exploit the situation and run amuck while good guys will not be able to make concerted efforts to do good deeds. Practical experience also shows: Even if relatively perfect laws and legal system exist but the people's legal understanding and their concept of a legal system are weak and their ideological and political understanding is poor, these laws and system will be ineffective or exist in name only because they are not obeyed.

He said: To enhance the socialist legal system, we must simultaneously carry out two tasks: While strengthening legislative work and continually improving the legal system, we must also intensify efforts to publicize general legal knowledge among the Chinese people and continually upgrade the qualities and self-consciousness of cadres and people to obey the laws and conduct affairs according to law. We must simultaneously carry out both tasks and cannot ignore either one at any time. Therefore, while properly performing legislative work, we must also persistently and unwaveringly do a good job in publicizing education on the legal system, and strive to improve the broad masses of cadres' and people's legal understanding during the "Third Five-Year Plan" period (san wu pu fa qi jian (0005 0063 2528 3127 2601 7035)) prior to 2000. We need quite a long process to establish a new idea and cultivate a new concept. We should fully realize the protraction and arduousness in publicizing the legal system education and gradually systematize and regularize the work. Particularly, leading cadres at various levels must intensify study on laws and legal knowledge, make efforts to improve their capability to administer economic and social affairs, lead the broad masses of cadres and people with their own actions,

and form good habits of studying and applying laws throughout all of society so as to lay a firm ideological foundation that aims to administer China according to law.

Jiang Zemin pointed out in conclusion: Administering China according to law is an important indicator of social progress and civilization and a prerequisite for establishing our socialist modern nation. We believe: With concerned efforts of the whole party and society, following greater and greater efforts in developing the socialist democratic legal system, and following the establishment and improvement of the socialist market economy, China's party and government will continually improve their ability to administer China according to law.

Also attending the forum were Ding Guangen, Tian Jiyun, Li Lanqing, Li Tieying, Wu Bangguo, Zou Jiahua, Jiang Chunyun, Qian Qichen, Wei Jianxing, Wen Jiabao, Wang Hanbin, Zhang Zhen, Zhang Wannian, Chi Haotian, Ren Jianxin, Song Jian, Li Guixian, Chen Junsheng, Peng Peiyun, Luo Gan, and Wang Zhaoguo as well as responsible figures of relevant departments.

#### PRC: CPC 'Internal Document' Said To Stress Stability

HK1302094596 Hong Kong SOUTH CHINA  
MORNING POST in English 13 Feb 96 p 8

[By staff reporter]

[PTS Transcribed Text for FBIS] The Communist Party has circulated a new internal document giving "top priority" to eradicating agents of instability in the post-Deng Xiaoping era.

The document coincided with the decision by party chief and President Jiang Zemin to convene the pivotal sixth plenum of the Central Committee shortly after the Lunar New Year holiday.

Mainland sources said yesterday the circular was prompted by the rapidly declining health of the patriarch coupled with a conservative turn in the thinking of the leadership.

While Beijing had in the early 1990s already laid down contingency plans for handling the immediate aftermath of Mr Deng's demise, the leadership has felt the need to revise those plans in light of new challenges to party rule and political stability.

The sources said the document dwelled on the latest manifestations of "peaceful evolution", or alleged attempts by so-called hostile foreign forces to transform China into a capitalist country.

It referred to recent disturbances by secessionists in Xinjiang province and Tibet, in addition to purported conspiracies by foreign countries to abet Taiwan's pro-independence movement.

The circular also pointed to the danger of pro-democracy elements receiving more help from exiled dissidents based in the United States and other countries.

It raised the spectre of politically motivated saboteurs joining forces with laid-off workers as well as underground criminal gangs and religious sects.

"The leadership has revised ways in which law-enforcement forces including the People's Armed Police and the Army's rapid response units should deal with situations such as rioting after Deng's death," one source said.

"Equally important, the document carried Jiang's message that stability depended on toeing the line of the collective leadership with himself as the core."

Stability will also be the theme of the sixth plenum tentatively scheduled for the last week of the month.

This is despite reports in the official media that the conclave will be devoted to building up "spiritual civilisation", or orthodox values such as patriotism, socialism and collectivism.

Mr Jiang will deliver a speech on attaching the "utmost importance to toeing the line of the centre".

He is expected to launch an attack on excessive materialism and Westernisation such as corruption, money worship and hedonism.

"(Mr Jiang) is outwardly championing such traditional values as altruism and common prosperity," a Western diplomat said.

"However, he is taking advantage of the battle cries against 'Western values' to put pressure on factions in the Army and the party to profess loyalty to himself."

Regional representatives to the Central Committee will be given a new warning against breaking away from the spirit of the centre.

Leadership reshuffles in several major provinces and cities in the past fortnight have generally helped Mr Jiang to consolidate his hold over the regions.

Party sources said in return for the support of hardline elements such as the remaining Maoists, Mr Jiang has agreed to go further in his moves to discredit Mr Deng.

The sources said by putting its emphasis on spiritual civilisation, the leadership had in effect faulted Mr Deng for having neglected Marxist values in his pursuit

of "Western-style" economic reforms and economic construction.

**PRC: Hu Jintao Emphasizes Party Building 12 Feb**  
*OW1202233696 Beijing XINHUA in English*  
1401 GMT 12 Feb 96

[FBIS Transcribed Text] Beijing, February 12 (XINHUA) — Senior Chinese Communist Party leader Hu Jintao said here today that better Party building is the key to completion of this year's reform and construction tasks.

Speaking at a gathering to greet the forthcoming Spring Festival attended by 2,000 senior retired cadres and officials, Hu said efforts should be made to promote the new, great work of building the Communist Party of China (CPC) ideologically, politically, organizationally and in the aspect of work style.

Hu, a member of the Standing Committee of CPC Political Bureau, said priority should be given to ideological work and the improvement of the quality of leading officials and further consolidation of the whole functions of the leading group.

He said the Party's grass root organizations will be consolidated with Party units in the rural areas and State-owned enterprises as priority, and give rein to the role of grassroots organizations as a fighting force.

More efforts should be made to combat corruption in the light of the requirements of the central authorities, Hu pointed out.

He described old comrades as precious wealth of the Party and the country, and called on the Party organizations and governments at all levels to do a good job in carrying out the Party's policies concerning old comrades.

The gathering was jointly hosted by the Organization Department of CPC Central Committee, the General Political Department of the People's Liberation Army forces and the Beijing Municipal Committee of CPC.

**PRC: Zhu Rongji Returns to Beijing After Official Trip**

*OW1302073296 Beijing XINHUA in English*  
0709 GMT 13 Feb 96

[FBIS Transcribed Text] Beijing, February 13 (XINHUA) — Chinese Vice-Premier Zhu Rongji returned here today by special plane, having successfully concluded official visits to Argentina, Chile, Uruguay and Germany.

Zhu's entourage included his wife Lao An, Deputy Secretary-General of the State Council He Chunlin,

Minister in Charge of the State Economic and Trade Commission Wang Zhongyu and Vice-Minister Ye Qing of the State Planning Commission.

Luo Gan, Chinese State Councillor and secretary-general of the State Council, and diplomatic envoys of the above four countries to China were among those meeting Zhu at the airport.

#### **PRC: Education Official Interviewed on Study Abroad Reforms**

OW1102064996 Beijing XINHUA in English  
0616 GMT 11 Feb 96

[FBIS Transcribed Text] Beijing, February 11 (XINHUA) — Zhou Yuan, 40, is a vice-mayor of Xinghua city, located in central part of east China's Jiangsu Province. He will soon go to Britain to study administrative management on prefectures and districts for a year at the state expense.

"He wouldn't have had the opportunity if the government did not reform ways of selecting and sending people abroad for further study," said Wei Yu, vice-minister in charge of the State Education Commission (SEC), in a recent interview with XINHUA.

Zhou Yuan became one of the first group of administrative officials in China who are sent abroad to study at the state expense, when he received the credential from Vice-Minister Wei Yu in Nanjing, capital city of Jiangsu Province, at the end of last year.

- \* China decided to reform its old system of selecting and sending people abroad for state-sponsored studies a couple of years ago. Jiangsu Province and northeast China's Jilin Province were chosen for trial implementation of the new ways last April.

The trial reform enabled people in the two provinces to hand in individual applications. Experts who were from across the country and majored in various academic fields decided whether the application was acceptable. An applicant must get approval from at least five experts.

At a national working meeting on international studies held at the end of last month, the SEC announced that the new ways of sending people abroad for study will be taken across the country, as the experiments in Jiangsu and Jilin were successful.

During the following days, letters and phone calls from farmers and urban residents poured in, asking about the reform.

"The new methods bring about more chances for people employed in various trades," Wei Yu said.

The reform turns state-sponsored overseas study into a subsidiary-funded one. Those with their applications approved would sign a contract with the newly founded China's National Scholarship Council for International Studies (NSCIS), which will deal with matters related to the international studies on behalf of the SEC. The NSCIS will provide them scholarship covering mainly international travel tickets, living stipend and necessary subsidiary payments.

According to the contract, each who enjoys the scholarship has to pay a deposit of no more than 50,000 yuan (over 6,000 U.S. dollars). The money along with interests will be refunded to the person if he or she returns within a contracted time period to serve the country. Otherwise, he or she must pay the NSCIS for the studies and be fined for breaking the contract.

The Chinese government spends about 10,000 U.S. dollars on each person studying abroad a year. The amount of money can help at least 400 children receive six-year elementary education.

Sending more people abroad for further training was adopted as an important part of China's reform and opening up policy in 1978. The number of people sent abroad at the state expense has jumped to 2,000-3,000 from 200-300 a year in less than 20 years.

However, the ways of selecting and sending people abroad for further training were developed on the basis of that adopted in 1950s when China sent students to former Soviet Union and east Europe. According to the old ways, the quota was assigned by higher authorities. Most often, someone's superior, who decided whether he or she should be given the chance, had to accept the quota no matter whether the international study met the demand or not.

The reform pays more attention to demands of the national economic construction and social development. Once there is need, there is chance. As the reform made the criteria for state- scholarship winners public, people hoping to get the chance are expected to take part in a fair play and an intensive competition.

Li Youyi, a section chief in charge of the Teachers' Affairs in Nanjing University located in Jiangsu, said that the reform would not have much impact on universities, because many famous Chinese universities and colleges have very good contacts with their counterparts in foreign countries. Taking Nanjing University for example, about two-thirds of all staff members who have been sent abroad for research or study were on university-to-university exchange and cooperation programs. Only eight people from the university would go abroad for study at the state expense this year.



Vice-Minister Wei Yu noted that the reform in selecting and sending people out on international studies has nothing to do with the individual-paid international studies. The government will continue to support people going abroad for study and encourage them to return home after finishing their studies. "They are still free to come and go," Wei stressed.

**PRC: Commentary Lauds Oil Field Deputy Chief Engineer**

*OW1302101896 Beijing XINHUA Domestic Service in Chinese 0755 GMT 6 Feb 96*

[Commentary by XINHUA reporter Pu Liye (5543 4539 2814): "Leading Such a Life Is Most Meaningful"]

[FBIS Translated Text] Beijing, 6 Feb (XINHUA) — Liao Yongyuan, deputy chief engineer of Shengli Oil-field, has worked industriously for 14 years, making selfless sacrifices. He regards the needs of the motherland and those of the people as his primary needs. He regards making contributions to the motherland's development as his happiness. After graduating from a university, he was the first among the graduates to submit a letter to the party organization stating his desire to work with an oil-drilling team wherever conditions were most difficult. When the campaign to explore oil in the Tarim Basin, where conditions were extremely difficult, was started, he went to the desert, determined not to turn back. To save funds for the state, he and his colleagues solved many problems related to drilling technology. Liao Yongyuan has set a good example as a Communist Party member and has also provided people with deep thoughts and enlightenment about the meaning of life.

For many years people have been thinking deeply what kind of life is most valuable. The meaning of life of a new socialist person should, without doubt, be to fight relentlessly for the motherland's cause and for the people's interests. However, it is regrettable that some people, affected by the desire to go after money and pleasure, have gradually lost their ideals; more and more they go after personal interests and pleasure while paying less and less attention to devotion and nobility of spirit. Some leading cadres have gone so far as to seek personal gain shamelessly by harming the interests of the public and the state, while others have squandered public funds by organizing feasts or have become degenerated by accepting bribes. This type of person looks pale and low beside Communist Party member Liao Yongyuan.

Once Liao Yongyuan wrote a couplet: "In carrying out an undertaking, there will be winds, rain, gain, and losses, but gain is less than losses; in drilling oil wells,

there will be surprises, danger, hardship, and pleasant things, but hardship is less than pleasant things." Isn't this type of outlook on hardship and pleasure and gain and losses, isn't this type of notion and desire what we should advocate today in the great cause of building socialism? At a meeting of conveners of the 14th CPC Central Committee's Fifth Plenary Session last year, General Secretary Jiang

Zemin stressed that our party-member leading cadres, most of all the high-ranking cadres, should have high, noble thoughts. They should give first place to the party's cause and the people's interests and work for the state and nation without regard to personal safety. With such a noble spirit, life will become meaningful and fulfilling. It is hoped that the masses of party-member cadres will learn from Comrade Liao Yongyuan and make contributions at their respective work posts.

**PRC: Official Stresses Media Role in Combating Corruption**

*OW1302075396 Beijing XINHUA Domestic Service in Chinese 0756 GMT 8 Feb 96*

[FBIS Translated Text] Beijing, 8 Feb (XINHUA) — Chen Zuolin, deputy secretary of the Central Commission for Discipline Inspection, said today that efforts by the entire party, as well as the active support, participation, and coordination of the news media are required to score new and bigger successes in anticorruption work.

To intensify publicity on anticorruption work and step up the call for honest performance of official duties, the Central Commission for Discipline Inspection and the Supervision Ministry sponsored a journalists' forum in Beijing today. Persons in charge from the Central Commission for Discipline Inspection, from the Central Propaganda Department, and from some central government news units attended the meeting.

Chen Zuolin said in 1995 the nation's discipline inspection, supervision, and press organs had effectively promoted the healthy development of the anticorruption struggle with their close cooperation in anticorruption work, with their close integration of the actual situation in party style and clean administration building, and by their extensive publicity efforts on anticorruption work.

He stressed that stepping up publicity efforts is an important measure in the building of party spirit, party discipline, and clean-administration, and there is a pressing need for carrying out an indepth, concrete, and effective anticorruption struggle. When publicizing the anticorruption struggle, it is necessary to specially stress both positive and negative models, and to report more on issues that are of great concern to the masses.

It is necessary to mobilize all social forces and to constantly promote indepth development of the party work style and clean-administration building, and the anticorruption struggle.

The Central Commission for Discipline Inspection's Standing Committee members Fu Jie and Wang Guang, and persons in charge from relevant news units also spoke at the forum.

**PRC: Dissident Wei Jingsheng Said Suing Police Over Detention**

OW1302071896 Hong Kong AFP in English  
0657 GMT 13 Feb 96

[FBIS Transcribed Text] Beijing, Feb 13 (AFP) — China's best-known dissident Wei Jingsheng, jailed for 14 years in December, is to sue the Beijing police for holding him in "illegal detention" for nearly 20 months, his family said Tuesday [13 February].

Wei's sister, Wei Ling, said her brother had also late last week submitted to the prison authorities a separate application to contest his sentence and that the family had sent a similar request directly to the People's Supreme Court.

The decision to sue the Beijing police follows Wei's incommunicado detention from April 1994 until being charged in November 1995 with subversion. He was sentenced the following month to 14 years' imprisonment, despite worldwide pleas for clemency.

While the long period of detention without charge goes against Chinese law, Wei Ling, who visited her brother in Tangshan jail, 120 kilometers (75 miles) east of Beijing, on February 5, said he had also complained that the 20-month period had not been deducted from his 14-year jail term.

Wei Ling meanwhile denied reports from human rights groups in the United States that she and Wei's family planned to apply for him to be paroled on health grounds.

"We have not spoken about that at all with my brother, who is already receiving treatment in prison for his heart and high blood pressure problems," she said by telephone.

She said he was "in better shape" than during his trial, and also denied that prison authorities had prevented the family bringing Wei medicine, as also reported in the United States.

Wei, 45, was first imprisoned for his involvement in the 1978-79 Democracy Wall movement and released in September 1993, six months short of his 15-year term.

He was nominated for the Nobel Peace prize last year and American and Japanese supporters have put his name forward again this year.

Wei Ling also said the dissident contested the version of his "letter on Tibet" published in some foreign papers and which formed a major part of the state case against him at his recent trial.

The letter, written during his first period in prison from 1979- 1993 and addressed to paramount leader Deng Xiaoping, was altered and cut, said the dissident. He asked the papers concerned to republish the entire original version.

The court which sentenced Wei criticised him for wanting to "divide the country" by demanding the independence of Tibet in this letter. China has controlled Tibet since 1950.

"My brother has never sought to overthrow the communist regime and has never been an advocate of independence for Tibet," Wei Ling said.

At his hearing Wei refuted point by point the court's accusations, insisting that his letters and articles had been written only as a means to discuss with the government how democracy could be developed in China.

**PRC: Dissident's Wife Reportedly Refused Visiting Rights**

OW1302112196 Hong Kong AFP in English  
1100 GMT 13 Feb 96

[FBIS Transcribed Text] Shanghai, Feb 13 (AFP) — The wife of imprisoned Shanghai dissident Zhang Xianliang on Tuesday [13 February] said she has been refused visiting rights to see her ailing husband at a labour farm for more than three months.

"I worry about his health since he has had a heart attack and high blood pressure," Yan Huili, 51, said by telephone.

"I have not seen him for three or four months because the Public Security Bureau has not allowed me to see him before the Lunar New Year," said Yan, who in October last year went on a symbolic 24-hour hunger strike to draw attention to her husband's plight.

She began the strike a week ahead of a summit between Chinese President Jiang Zemin and his US counterpart Bill Clinton.

Zhang, 49, a former clothing store manager, is serving a three-year prison sentence after he was arrested in 1993 on the eve of the anniversary of the June 4 crushing of

the pro-democracy movement at Beijing's Tiananmen Square.

The dissident, who had allegedly been planning to attend a commemoration event, was released after 24 hours in detention but was rearrested on June 5, 1993 after he gave interviews to foreign reporters.

Yan said her husband had also been moved from one labour farm to another one in Dafeng, in neighboring Jiangsu province, which was farther away from Shanghai, making any rare trips allowed by the authorities difficult for her.

**PRC: Supreme Court Sentences 8 for VAT Forgery**  
*OW1202235396 Beijing XINHUA in English*  
1554 GMT 12 Feb 96

[FBIS Transcribed Text] Beijing, February 12 (XINHUA) — A Chinese businessman was executed, and a Hong Kong businessman and six mainland Chinese have been sentenced to jail terms on charges of forging value-added tax (VAT) invoices, the Supreme People's Court announced here today.

Gu Shaoguang, former general manager of a private business, the Shenzhen Quansheng Industrial Co., was executed today in Guangdong Province, the court said in an announcement of three major cases involving forging VAT invoices.

Gu, 40, forged 64 invoices for 16 foreign trade companies valued at 106 million yuan to gain export rebates by cheating during the past two years, together with Lin Chuhong, according to the court.

Gu got 1.32 million yuan and Lin got 180,000 yuan from their illegal activities.

Lin was sentenced to death with a two-year reprieve by the Shenzhen Intermediate People's Court.

He Tinghui, former manager of three Hong Kong companies, got 227,000 yuan from the export rebates of 779,000 yuan he and Yan Jizhan gained from the state with forged VAT invoices.

He was sentenced to life imprisonment by the Shenzhen Intermediate People's Court.

Accomplices Yan Jinjian and Lu Haiyao were sentenced to 15 years in prison, and He Tingchi, Zhong Haikui and Lu Rongming were sentenced to 10 years.

**PRC: Complaints Aired About Arbitrary Fees at Schools**

*96CM0121A Beijing FAZHI RIBAO in Chinese*  
12 Dec 95 p 7

[Letter to the editor from Zhong Jixin (6988 4949 2450): "A Detailed Analysis of the Phenomenon of Primary and Middle Schools Imposing Arbitrary Fees"]

[FBIS Translated Excerpt] Comrade Editor,

[passage omitted] Schools are arbitrarily collecting or raising fees of all kinds. Some schools not only have not made a diligent effort to sort out and rectify the arbitrary fee problem but are collecting or increasing many kinds of fees—such as desk fee, review material fee, compulsory education deposit, science competition fee, fines for fighting, bedding deposit and charge for wear and tear, furnace repair charge, fee for stamping the moral-intellectual-physical education handbook, and so on and so forth. Some essential, school-related charges, such as laboratory charges and school certificate examination charges, should be paid by the schools but are actually paid by individual students. Some expenses, such as utilities, dormitory charges, and heating, are essential for maintaining the schools' normal operation, but the schools keep adding more items at every level to raise their fees. An examination of 18 elementary and middle schools in a certain city in Fujian showed that nearly 220,000 yuan in arbitrary fees were collected; an investigation in a county in Hunan where elementary and middle schools determined what items to charge or set their own fee standards showed the schools to have overcharged their students by a million yuan in assorted arbitrary fees.

Admission is linked to exorbitant charges. The State Education Commission held a national telephone conference in March of this year to bar elementary and middle schools from charging arbitrary fees. The admission of "selective students" and the linking of financial ability to admission were specifically banned. But some schools still allow "grades to be bought and choice of school to be purchased," disguising their attempt to negotiate admission terms. One school in a certain city issued educational stocks last year; these were linked to student admission, and more than 70 million yuan was collected as a result. Some key schools in that city charged the students anywhere from 30,000 to 50,000 yuan a seat. Following the example of these key schools, other schools also use all sorts of excuses to exact payments. Some schools charge 6,000 yuan a student; those who do not pay are sent to "handicapped" classes. In Changchun City, some higher-standard elementary and middle schools have imposed "selective student" fees ranging from several thousand to 180,000 yuan.



The schools' burdens are shifted to the students through arbitrary apportionment. Some schools shift their share of apportionment assigned to them by society or higher level units, such as public security guarantee funds, the "three front door contracted obligations," tree-planting fees, newspaper and magazine charges, and service charges, to the students. Some divide the rural education supplementary charge and the dangerous building repair and reconstruction charges among the students; some students are asked or forced to sell books. Some first grade students in Henan's Xinyang Prefecture have 15 text books; 10 of those are required purchases ordered by the schools' superior units. Some schools in Shanxi hand out the name "hard-working and thrifty students" and require each student to sell 10-30 jin of newspaper; what they make goes to the schools. Some schools require the students to deliver 10-30 beer bottles or cans, which are sold centrally by the schools. Some simply exact 10 yuan outright, calling it "support for the schools."

Schools withhold the students' meal money. A certain middle school in Hunan maximizes revenue and minimizes expenditure by withholding 48,000 yuan's worth of the students' meal money and more than 17,000 jin of rice for the two semesters each year. Most of the money is pocketed by the teachers. A middle school in Jiangsu appropriated 24,000 yuan of the students' payment for meals during the last school year.

In addition, some schools impose redundant charges, arbitrarily raise the price of books, make a profit by charging irregular fees for uniforms and printed materials, issue irregular receipts, and cheat on the receipts. These are only some of the symptoms of arbitrary charges by elementary and middle schools.

The reasons for these arbitrary charges are complicated. An analysis of the materials we have on hand shows that besides the government's inadequate educational funding, the excess local and social apportionments, and the schools' inability to pay, there are also inherent factors within the schools themselves:

Some schools want to pay the teachers and staff more, and they treat these arbitrary charges as a source of revenue. Other schools are competing with each other to see who can afford to spend more. Some school leaders do not follow policy; they indulge or support their teachers' unreasonable demands, and they impose arbitrary fees. Some localities put the money they reap from their students in "little depositories," and this huge sum of money is not supervised by the people or the institution, and most of the money is confiscated by those handling the money or by school leaders and is

spent on telephone installations, automobiles, meals in restaurants, or just "spent."

Some schools ignore discipline and spend money recklessly; the schools' finances are in chaos. For example, the school principal, vice principal, and the dean of a certain school in Taiyuan each collects his own fees; the amount is not disclosed; the school principal's private bank account has a balance of 50,000 yuan. Some schools spend money and give gifts extravagantly on holidays.

The situation has undermined social stability. For example, in the fall of this year, a certain elementary school instituted "self-financed enrollment" and collected "school construction funds" ranging from 100 to 300 yuan per student. In protest, more than 100 parents organized more than 70 elementary students to lie on the railway tracks to block traffic, halting railway transport for eight hours. Key middle schools' high fees pose financial problems for some students, and the students and parents are upset. Once, more than 80 parents went to the schools to protest, because their children were unable to attend neighborhood schools; a few went to city hall to stage a sit-in.

The situation has also corroded the contingent of teachers. Upon recruiting "negotiated-price students" who are willing to pay high "finance fees," some teachers ask for commission, calling it an "information fee." Some units help their workers' children to get into certain schools by making their luxury cars available to the school leaders. Some schools ask the parents' units to finance vacation trips or even overseas "inspection" tours. Teachers in non-key schools earn relatively low pay, and some are unhappy about it, which undermines the entire contingent and affects the quality of education. This also leads to competition among schools to impose arbitrary fees.

Some students drop out of school because they cannot afford to pay. So far this year, 10 percent of the middle school students in a county in Shanxi have dropped out of school, mainly because they cannot afford the assorted fees. In some localities, students who depended on "Project Hope" to get into the schools are dropping out because they cannot afford the many fees and charges. [passage omitted]

### **Military & Public Security**

#### **PRC: Guangzhou Military Region Congress on Tasks of 'Theater'**

*HK1302084096 Hong Kong MING PAO in Chinese  
13 Feb 96 p C1*

[By staff reporter: "Guangzhou Theater: Safeguard the South China Sea, Ensure the Return of Hong Kong and Macao"]

[PTS Translated Text for FBIS] Following the XINHUA News Agency's formulation of the "Nanjing Theater" in its reports on China's military exercises last year, another formulation, the "Guangzhou Theater," has now appeared in a resolution of the party congress of the Guangzhou Military Region, as quoted in Guangzhou's NANFANG RIBAO.

According to an analysis by an informed source, the Central Military Commission has entrusted the Guangzhou Theater with the mission of safeguarding the security of the South China Sea. The party congress also elected a new core level of leadership in the Guangzhou Military Region.

It is disclosed that military region and theater are two different terms for the same administrative unit in the army. A "theater" refers to an established unit in a military region which has definite tasks or is assigned to carry out military tasks. The Nanjing Military Region is also called the "Nanjing Theater" when carrying out the task of safeguarding the security of the Taiwan Strait, while the Guangzhou Theater, facing primarily the South China Sea, has the main task of safeguarding China's territorial and regional security.

The NANFANG RIBAO report on the conclusion of the seventh party congress of the Guangzhou Military Region quoted its resolution as saying: "The units in the military region are in a very important strategic position. In particular, as the day for China's resumption of sovereignty over Hong Kong and Macao draws nearer, the Guangzhou Theater's tasks have become very arduous. We should have a high sense of mission and responsibility and very strong political and overall awareness, carry out our work well according to high standards and strict requirements, succeed in carrying out our mission, and live up to the heavy responsibility."

It is generally believed that the Guangzhou Theater's tasks are not limited merely to ensuring a smooth transfer of sovereignty over Hong Kong and Macao, but should also include conducting military operations in the very sensitive waters of the South China Sea. Even though China has repeatedly expressed the hope that relevant countries can brush aside disputes over sovereignty claims and jointly develop oil resources in

the South China Sea, Beijing has never relaxed its guard against their military expansion in this region.

The seventh party congress of the Guangzhou Military Region held from 7 to 11 February elected a new nine-member party committee standing committee.

Political Commissar General Shi Yuxiao has been appointed party committee secretary and Commander Lieutenant General Tao Bojun deputy secretary. Standing committee members include Lieutenant General Deputy Commander Zhou Wushu, Deputy Commander Major General Wen Guoqing, Deputy Political Commissar Major General Wang Tongzhuo, Secretary of the Discipline Inspection Commission Major General Liu Shutian, Chief of Staff Major General Gong Gucheng, and Director of the Logistics Department Major General Chen Tianlin.

#### **PRC: Article Analyzes Traits of Information Warfare**

*HK1302040296 Beijing JIEFANGJUN BAO  
in Chinese 30 Jan 96 p 6*

[Article by Wang Huiying (3769 3337 7751): "Exploring and Analyzing Characteristics of Information Warfare"]

[PTS Translated Text for FBIS] There are now various viewpoints on the definition of information warfare. In my opinion, to have a correct understanding of information warfare, it is necessary to first analyze its essential characteristics.

#### **The Principal Means of Information Confrontation: Is Making Use of the Role of Information in Causing Injury**

Information can be regarded as a weapon because it is useful in operation and can also cause casualties to the opponent.

In a battle, the role of information in causing injury can be manifested at least in the following: First, deceptive [qi pian 2952 7499] injury, namely, letting the enemy obtain false information (which includes information obtained unintentionally or intentionally offered by the other side), resulting in the adoption of mistaken policy decisions and action. Second, occupation (hindrance) [zhan wei (zu sai) 0594 0143 7091 1049] injury, namely, when a commander badly needs certain information, large amounts of other unimportant information occupies the limited channel and information equipment (organs), thus affecting the collection and use of important and urgently needed information. Third, contamination [wu ran 3064 2676] injury, namely, adding erroneous, disorderly, and contradictory contents to a piece (series) of information, which make it difficult for

the opponent to effectively use the information. Fourth, blocking [bi sai 7028 1049] injury, namely, blocking, jamming, and sabotaging the system which the opponent uses for collecting and transmitting information so that it cannot promptly obtain the information it needs and cannot make effective decisions. Fifth, guidance injury, namely, intentionally transmitting and offering large amounts of certain information to the opponent so as to disturb the opponent's thinking and cause him to take action conforming to the opposite side.

#### **The Main Target of an Information Offensive Is the Enemy's Cognitive System and Information System**

As a weapon, information can be put to offensive as well as defensive uses. But it is mainly used for offensive purposes. Information injury is only aimed at a given target—the enemy's cognitive system and information system. The information system includes three parts: Collection, transmission, and handling of information. Of this, the information collection system mainly includes all sorts of technical monitoring equipment, the information transmission system mainly includes all sorts of communication systems (equipment) and the news media, and the information handling system mainly includes computer hardware and software and information handling organs. The cognitive system refers to man's brain and thinking and the information analysis system. While using information to attack the enemy's information system in information warfare, the means of deception, occupation (hindrance), and contaminated offensives can be adopted. While attacking the enemy's cognitive system, the means of deception, contamination, and guidance offensives can be adopted.

#### **The Main Purpose of Information Warfare Is To Weaken the Enemy's Command Ability**

Command control, which includes strategic command of the state and a group of states to control an army and certain weapons system in a battlefield, refers mainly to command control of command organizations at all levels. There is a saying, the command organization is the "brain" of the army. As modern information technology equipment is mainly concentrated in the command control system, the command organization has increasingly become the "information center" of the army. As a result, one the one hand, the role of the command organization as the "brain" will become increasingly prominent; and on the other hand, the command control system can be easily damaged by an information offensive. For example, the U.S. military believes that "the more developed a country, the more susceptible it is to attack by information weapons." Therefore, an information offensive directed at the enemy's command control system can effectively influence its command

decisions, weaken its command control ability, and exploit the victory at little cost.

The information attack on the enemy's command control includes the means both of direct and indirect offensives. Through direct offensive at the enemy's high level command control system, the former affects the enemy's correct decisions and weakens its command control ability, while the latter saps the morale of the troops and inhabitants of the enemy nation, incites anti-war sentiment, and renders the enemy command ineffective through information injury.

#### **The Operational Space of Information Warfare Is Mainly the Information Field**

Any form of war has its given operational space. For example, an air battle is mainly waged in the sky, a marine battle is mainly carried out in the waters, while a ground battle is mainly conducted on land. Information war is mainly carried out in the field of information. In the past, people easily mixed information warfare with electronic warfare or replaced one with the other. In fact, the two are clearly different. Certain means of electronic warfare are the same as those applied in information warfare. But electronic warfare is mainly carried out in the electromagnetic field, which is far smaller than the field of information warfare. When information is used as a weapon, the space and scope of its confrontation action will involve the entire field of information. As modern information technology equipment has increasingly infiltrated into various fields of war, the shadows of information warfare will be seen everywhere in future battlefields and information warfare will have a larger operational space than any other form of operation.

With the deepened study of the theory of information warfare, people will acquire a better understanding of its meaning. However, its extensive borders will always be ambiguous.

#### **PRC: Change Caused by Information Warfare 'Revolution'**

*HK1302035896 Beijing JIEFANGJUN BAO  
in Chinese 30 Jan 96 p 6*

[Article by Xu Chuangjie (6079 0494 2638): "Military Revolution Gives Impetus to Evolution in Command"]

[PTS Translated Text for FBIS] A new round of military revolution has given impetus to overall changes in the military arena. This article deals with the author's initial views on changes in operational command.



**Information Weapons Dominate the Battleground;  
Consequently, the Command Structure Tends To  
"Flatten Out" [bian ping 2078 1627]**

The revolution in information technology has increasingly changed with each passing day the battleground structure, operational modes, and concepts of time and space while dealing blows to the traditional "centralized" [ji zhong shi 7162 0022 1709] and "tier-by-tier" [zhu ceng shi 6632 1461 1709] command structure. With the development of information technology, the U.S. Army has set forth the concept of building a "ground force operational command system," and its basic train of thought is, namely: To organize various command and control systems of the U.S. ground forces into an integrated mutually linked network to realize "shared information" from the national command authorities on top down to a grass-roots unit (single soldier). The system is capable of summarizing information obtained from various channels and converting it to a diagram; commanders at all levels may directly draw the information each needs from the network and master real-time conditions of both the opponent and themselves to cut back confusion, foggy, and obstructions in an operation. In this way, officers and units at lower levels will greatly improve their abilities in making decisions, taking action, and coordinating with each other, thus weakening centralization and the roles of various tiers in the command structure, which will become even "flatter."

On a battleground where information dominates, facing the commander is high-rate confrontation which calls for quick tempo of command to win the initiative; whereas being a little slow in giving an order or the occurrence of a blockage is likely to lead to failure in the overall situation. The changeability, complexity, and uncertainty on the battleground cause drastic changes in operational conditions; for example, a certain part may face a fatal blow without the knowledge of commanders at higher levels; or an order to halt an offensive may come when a partial victory is in view...the traditional command structure can no longer meet the requirements of the high-tech battleground.

Information technology equipment boasts three key functions, namely conducting high-precision, all-weather, and long-distance objective surveys, conducting high-precision control of weapons systems, and employing voluminous sensors, telecommunications networks, and micro-processors, which have brought about radical changes in the collection, processing and transmission of information. The dominant role of information technology in command determines that the traditional command structure will inevitably be broken.

The challenge of the command structure calls for us to build a command structure with characteristics that accord with the actual conditions of our army. First, it is imperative to strengthen, complete, and perfect the building of the C3I command system, and work hard to integrate the conditions, communications, and decision-making and link strategic, campaign, and tactical command to one network. It is imperative to turn the C3I command system at and above the battalion level of various services and service arms into an integrated mutually-linked network, and change the past vertical, tiered command system into a network command structure to meet the demands of real time and flexibility in command. And second, the "centralized-type" command structure should gradually develop into a "dispersed-type" command; we should set up a structure that merges the "tier-by-tier" type with the "mutually-linked" type; the "tier-by-tier" command can be adopted under ordinary circumstances; under particular circumstances, for example, a sudden change in the situation on the battlefield or in the control of a march, or making an abrupt change of decision, the "mutually-linked type" should be adopted; and the two types of command can be used alternately based on the continuous changes in the battlefield situation so that the greatest effects of the command structure will be given play.

**A Battleground Where Information Dominates  
Brings Forth New Topics in the Art of Command**

Operational command is the commander's science and art in decision-making and in organizing implementation. A battleground where information dominates does not weaken but gives prominence to the role of the art of command.

The high-tech battleground is a brand new battleground that attaches importance to improving efficiency in utilizing information and requires the commander to be good at utilizing the flow and uncertainty of battleground information, and to make new breakthroughs in the art of command. Materials revealed that the U.S. National Defense University set up a "School of Information Warfare and Strategy" in 1994 and has already enrolled two classes of students. The aim of the school is to guide the students to transcend the boundaries of rules and regulations and departments to explore the effects of the information age on various aspects, including wars and campaigns to improve the art of command on a battleground where information dominates.

Decision-making on the battleground determines the victory or defeat of an operation. To tell truth from false amid very complicated and voluminous battleground information and improve the transparency of the battle-

ground calls for an extremely strong sense of differentiation on the part of the commander. The advantages of battleground information are instantaneous; only by fully taking advantage of the most updated state of development before the opponent comes to its senses will it be possible to seize the initiative. The commander may "intervene" in the decision-making of the opponent's command through the information weapon in his hand. These characteristics of the information battleground show that the ability of quick decision-making is derived from day-to-day training and simulating, and through continuously accumulating experiences by oneself; thus the balance of the winner and the loser will lean toward the commander who is good in training with a scientific head, and quick in response. Only by storing voluminous data on knowledge and experience in the computer in peacetime will it be possible for the computer system to automatically process battleground information in wartime and help the commander to promptly make the best decision.

To enter the door of information warfare to seek the best policy to overcome the opponent, it is imperative to place the meeting point of science and art on improving the ability of maneuvering and command. Information dominates the arena of war, quickens unprecedentedly the tempo of operational command, and demands stricter and more meticulous work in organization and planning. To be ever victorious, we must study how to acquire information on the battleground as quickly as possible and how to condense and draw the essence from it. We must study and decide whether to select the enemy force as a target of attack or to attack the enemy's information searching, processing, and transmitting system as the key, and whether damaging the said system means reducing and damaging the enemy's combat effectiveness. We must study how to implement continuous effective command in case the enemy strikes us first, with the focus of attack shifted to telecommunications relays, command centers, information centers, or commercial targets.

#### **Changes in the Form of Battleground Make Command Increasingly "Joint" Command**

Modern information and monitoring technology has already shaped three dimensions in space, real time in speed, comprehensiveness of methods, and integration of reconnaissance and striking systems, thus increasingly changing the traditional means and mode of command.

With the development of information technology, the range, precision, anti-personnel power, flexibility, survival capability, and response rate of weaponry and equipment will be greatly improved, while future oper-

ational space takes on such characteristics as being "integrated," "combined," "omni-dimensional" [quan wei 0356 4850], and "transparent." The traditional unilateral orderly strike in depth is developing to continuous strike in full depth [quan zhong shen 0356 4912 3234], in all directions [quan fang wei 0356 2455 0143], and nonstop [quan shi chen 0356 2514 2525]. The offensive and defensive pattern characterized by being phased and linear has been broken, and is replaced by uncertain and non-linear offensives and defense. Combat will take place simultaneously in several areas, in the front and the rear; and the demarcation line between strategy, campaign, and tactics will become increasingly vague. This signifies that such concepts as the division of labor between the ground, naval, and air forces, and between the service arms in their tasks, and the demarcation line of a combat are outdated. Only by "joint command" in operations will it be possible to enable neighboring operational space of various services to interweave and coordinate in an organic way. The commander may utilize the C3I system of various services, achieve the goal of covering each other, and avoid enemy strikes from the rear, thus redoubling combat effectiveness and giving play to the effectiveness of the whole.

We face the task of understanding and studying anew the revolution of the operational means of "joint command." Future wars will see the joint operation of various services fighting shoulder to shoulder. True, commanders at various levels of our Army have gradually become compatible with the "joint" concept, but the coordinating mechanisms among various services, service arms, and neighboring units have not yet become regularized, and smoothness in command and coordination relationships is called for. The situation calls urgently for setting up a "joint command" structure and making it the supreme decision-making organ of the theater. It is imperative to give full play to the effectiveness of the C3I system and information technology, gradually connect to the network and share information to give play to the effectiveness of the pooled forces of the "network," and develop various sensing systems, including unmanned aircraft, to improve capabilities for positioning, differentiating, and tracking. It is imperative to utilize to the maximum and harmonize the precision strike force of various services, implement simultaneous strikes in full depth, develop a tactical and theater guided-missile defense system, improve the defensive capability of cruise missiles and unmanned aircraft, reduce injuries due to accident, and make "joint command" the "pivot" of control over the battleground where information dominates.

**PRC: CMC Stresses Military Cadre Education**

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in Chinese 0635 GMT 6 Feb 96

[FBIS Translated Text] Beijing, 6 Feb (XINHUA) — The People's Liberation Army's General Political Department recently formulated the "Suggestions on Enhancing Education and Management of the Army's High and Mid-Level Cadres." In a circular approving and transmitting the suggestions to the whole Army and the armed police units, the Central Military Commission stressed that the Army's high and mid-level cadres shoulder heavy leadership responsibility. The new situation in reform, opening up, and in developing a socialist market economy and the Army's implementing military strategy and principles in the new period set higher demands on high and mid-level cadres politically, ideologically, and in work style. As enhancing education and management of the Army's high and mid-level cadres has an important significance in ensuring the party's absolute leadership over the Army and in promoting the Army's ideological and political building, it should be grappled with as a strategic task.

The General Political Department's "suggestions" set forth clear demands in the following seven areas: First, strengthening education and management of high and mid-level cadres is a major and pressing task. Second, treat the efforts to maintain political awareness and resoluteness among high and mid-level cadres as priority education and management issue. Third, stress and do well the ideological education work among high and mid-level cadres. Fourth, improve and perfect the selection mechanism of high and mid-level cadres. Fifth, conscientiously implement clean-administration and self-restraint systems and rules for high and mid-level cadres. Sixth, strictly enforce regular supervision over high and mid-level cadres. Seventh, party committees must conscientiously assume responsibility over educating and managing high and mid-level cadres.

The "suggestions" state that enhancing education and management of high and mid-level cadres and increasing their political resoluteness and ideological and moral purity, and cultivating and nurturing a large number of cross-century backbone cadres to manage the Army have a direct bearing on the party's absolute leadership over the Army and the People's Army's nature and on the Army's long-term building and the state's long-term stability and security. It is necessary to set strict demands on, to exercise strict management of, and to conduct strict supervision over the Army's high and mid-level cadres so that they will always maintain firm political convictions and unwaveringly adhere to the party's basic theories and basic line; always main-

tain a high revolutionary spirit and wholeheartedly work for the party's and the Army's cause; always observe organizational discipline and enforce superiors' orders and instructions to the letter; always preserve the excellent work style of performing duties in a down-to-earth manner and implement tasks down to every detail; and always maintain the true political color of waging hard struggle and set an excellent image for clean administration and self-restraint.

The "suggestions" stress that high and mid-level cadres must pay attention to politics. Most important for them is to resolutely take the path of building socialism with Chinese characteristics, to ensure the party's absolute leadership over the Army, to voluntarily uphold the authority of the party's third-generation central leadership collective with Comrade Jiang Zemin at the core, and resolutely follow the command of the CPC Central Committee and the Central Military Commission. It is necessary to have one heart and one mind and maintain unity with the party under all circumstances and before any upheavals; to earnestly study Marxism-Leninism, Mao Zedong Thought, and Deng Xiaoping theory on building socialism with Chinese characteristics, particularly Mao Zedong Thought on military and Deng Xiaoping thought on the Army building in the new period, as well as study modern science, technology, and military-related high technology knowledge, and raise ideological and political level and the ability to master overall situation; to have a high sense of responsibility and mission, to take the lead in abiding by the rules of party constitution, and to conduct stern criticism and to carry out struggle against those who breach political discipline and against unwholesome tendency.

The "suggestions" call for doing a good job in the ideological education of high and mid-level cadres as an important part of the Army's ideological and political building. It is necessary to have a correct world view, outlook on life, value concept; to devote main efforts in solving well such problems as "to whom the senior cadres serve" and of how to exercise power; to resist the temptation of "money, power, and women"; to step up ideological improvement; to refine party spirit; to raise cultural level; to raise self-dignity; to do self-reflection; to raise vigilance; to urge oneself to make improvement; to give priority to the party's cause and to the people's interests; and to wholeheartedly serve the people. There is a need to include the efforts to bring about correct work style as an important content in high and mid-level cadres' ideological education and constantly and repeatedly grapple with the efforts. A large work style education drive should be conducted every year in line with the need of the situation and with the state of ideological education among high and mid-level cadres



as well as in combination with meetings sponsored by party committees on democratic life and with study sessions sponsored by party committee's central study group. Those involved in ideological education must stress important points, implement the spirit on the rectification of incorrect style of work, and genuine help solve problems.

Clear rules on improving the selection mechanism for high and mid-level cadres and on the conscientious implementation of the system for high and mid-level cadres to honestly perform duties and to exercise self-restraint have also been provided in the "suggestions."

The "suggestions" point out the need to conduct strict and regular supervision over high and mid-level cadres, to persist in the principle that says the party must manage over cadres, and to improve the mutual-supervision and the party committees' internal supervision systems. All levels of party committees are required to call meetings to discuss democratic life according to rules. Organs' functional departments must persist in principles, provide good suggestions to party committees and leading organs, and be good advisers to them. Discipline inspection, supervision, auditing, and judicial organs should conscientiously perform their duties and treat all equally before party and political discipline and the law. Supervision by the masses is also needed. High and mid-level cadres should, as ordinary party members, involve in their own party branch's and party group's organizational life.

The General Political Department calls on party committees, via the "suggestions," to conscientiously assume the responsibility of educating and managing high and mid-level cadres and to establish and implement high and mid-level cadres' education and management responsibility system. Secretaries and deputy secretaries of party committees are required to assume overall responsibility of educating and managing high and mid-level cadres in their own units. It is necessary to show concern for and to give support to high and mid-level cadres and to create conditions for their development and progress. Emphasis should be given to publicize high and mid-level cadres' advanced deeds, to mobilize positive factors, so that a strong, healthy atmosphere of stressing studying and politics will prevail among high and mid-level cadres.

#### **\*PRC: PLA General Hospital Improves Medical Service**

96CM0133A Beijing RENMIN JUNYI [PEOPLE'S MILITARY SURGEON] in Chinese 28 Dec 95  
No 12, pp 3-4

[Article by Huang Maojun (7806 5399 6540), 100853 PLA General Hospital, Beijing: "Improve Medical Ethics and Medical Mores. Pay Close Attention to Pervasive Problems; Go All Out To Advance the Building of Medical Ethics and Medical Mores"]

[FBIS Translated Text] In recent years, particularly since the 1994 Armed Forces-wide mobilization meeting to do more to build medical ethics and medical mores, and to correct unhealthy professional tendencies, our hospital has rigorously enforced "Interim Decisions on Doing More To Build Medical Ethics and Medical Mores in Armed Forces Medical Treatment Units" issued jointly by the General Political Department and the General Logistics Department. The hospital has also highlighted key points, advanced in spite of difficulties, concentrated on pervasive problems, and has gone all out to advance the building of medical ethics and medical mores to definite effect.

Our methods and the knowledge we gained in five regards is reported below.

#### **I. Persistence in Making Service to the Armed Forces the Basic Issue in Building Medical Ethics and Medical Mores**

Secretary Jiang Zemin personally penned the following dedication for our hospital: "Build a first rate PLA [People's Liberation Army] military general hospital that serves to increase the armed forces' combat capabilities," thereby further clarifying the hospital's combat goals and service orientation. Our ability to persevere in serving the armed forces under the new circumstances of reform and opening to the outside world, and development of a socialist market economy is an extremely severe test. The hospital CPC committee has always regarded service to the armed forces as the hospital's reason for being. It has persevered in paying close attention simultaneously to the "two civilizations," has actively participated in the armed forces-wide Norman Bethune Cup premium quality service competitions and, for five years running, every unit in the hospital has run Norman Bethune Cup competitions and management by objective critiques and examinations. In 1994, the entire hospital made the decision to do more to provide premium quality service, diligently putting into effect the demand of the director of the General Logistics Department and our hospital for "civility and courtesy, warmth and attentiveness, premium quality and high efficiency



in providing premium quality service from registration to medical examination, hospitalization, and treatment. In 1995, the hospital additionally made "improvement of premium quality service, doing all possible for the wounded and the sick" an important action in the intensification of hospital reform, and greater building of medical ethics and medical mores. This aroused the enthusiasm of comrades throughout the hospital and increased their sense of responsibility for the patients.

A. Despite the large numbers of outpatients and hospitalized patients, the hospital maintained the "three priorities" for armed forces sick and injured. The hospital drafted concrete measures for the "three priorities," setting up special "windows" for priority registration, examination, and hospitalization. It strictly prescribed the period military patients had to wait for a bed, and conducted monthly inspections in conjunction with "the examination and evaluation of the complete management of all personnel."

B. Despite no decline in its work, the hospital maintained yearly physical examinations of cadres above the army level, and health care for the "two conferences." Each year it devoted more than a month to organizing medical personnel to conduct physical examinations of cadres at the army level and above of units stationed in Beijing for a 98-percent physical examination rate. Each year it organized the dispatch of many medical treatment and health care units to assume responsibility for medical treatment and health care at large party, government and military conferences, and major events.

C. Despite the shortage of personnel and heavy duties, the hospital continued to organize and send medical teams to the grass roots and to troop units. During the past three years, it has sent 10 medical teams to prevent and treat illnesses among officers and men in military units, and it has answered 473 calls to take part in medical consultations, rescues, and surgery. For 11 years running, it has sent special medical teams to the southern frontier to pass along skills and to train mainstay cadres in support of border defense.

D. Despite the shortage of funds, the hospital has continued to subsidize the costs of medicines for injured and ill personnel in military units. During the past several years, we have surmounted the serious shortage of operating funds from the usual sources, using more than 70 percent of income from outside the plan to subsidize the medical treatment expenses of military patients, and the shortage of all operating funds from the usual sources.

## **II. Perseverance in Making Improvement of the Quality of Medical Treatment the Centerpiece in Building Medical Ethics and Medical Mores**

Quality is the life blood of a hospital. It is crucial to a hospital's reputation, and it is also the centerpiece for building medical ethics and medical mores. The hospital CPC committee feels that establishment of fine medical ethics and medical mores requires extremely close attention to the quality of medical treatment, and increasing the quality consciousness of all hospital personnel, relying on quality for success in the face of intense competition.

A. The hospital paid close attention to the quality of basic medical treatment, particularly to medical records and prescriptions. It set up quality inspection teams staffed by experts at all levels, and it drafted "Detailed Regulations for Prescription Management," and "Standards for Keeping Medical Records." After three consecutive years of holding an army-wide medical records exhibit, and evaluating and selecting units and individuals skilled in maintaining medical records, in 1994, it organized expert professors to conduct a retrospective examination of case histories of deaths throughout the armed forces. It also diligently summarized experiences, and conducted analyses and appraisals for timely improvements. Each month it conducted rigorous inspections of prescription quality, distinguishing clearly between those to whom rewards and punishments should be given. Consequently, quality of medical documents has improved markedly.

B. Nursing care highlights the "three basics." Designated people work in shifts to attend to patients, thereby ensuring round-the-clock nursing care. This has effectively improved the quality of basic nursing care. In addition, the hospital actively explored and tried out nursing care models combining "assignment to positions on the basis of qualification, responsibility system nursing care, and an academic credit system," putting into effect a tri-level responsibility system for nursing care personnel. Department heads participate in the training of nursing care personnel, medical doctors hold special classes for nurses, and training in nursing skills is emphasized for marked improvement in the level of nursing personnel's theoretical and practical skills.

C. The hospital devoted efforts to setting up a tri-level quarantine system to improve quality control. In 1994, we conducted a complete inspection of how well the tri-level quarantine system was functioning throughout the hospital, organizing experts to make the rounds of hospital wards with attending doctors of internal medicine to learn from them. We convened prophylactic post-operative and pathogenesis workshops, emphasizing the

department head responsibility system, and strict enforcement of all medical treatment rules and regulations, in order to better control contagion and pathogenesis within the hospital.

D. The hospital standardized medical treatment procedures and formulated and perfected the medical treatment and nursing care system. We used strict enforcement of medical treatment rules and regulations issued by higher authority as the basis for revising more than 40 management systems including "Plan for Conducting Full Management by Objective Evaluations of All Personnel," and "Regulations for Improving Premium Quality Service and Rectifying Medical Treatment Procedures." In 1994, we further revised the "Medical Treatment Administrative Handbook," which we distributed throughout the hospital.

E. The hospital intensified the building of expertise in an effort to create expertise groups in distinctive fields. In early 1994, the hospital convened a successful meeting for the exchange of experiences in building expertise, and drew up standards and detailed regulations for evaluating expertise. Each administrative office revised its expertise development plans, using the hospital's master plan as a guide. During the first half of the year, we also conducted expertise evaluations of nearly 60 administrative offices at three levels in a period of somewhat more than two months to acquaint ourselves with the present state of affairs and priorities. Currently, the hospital uses more than 100 new techniques and new operations including emergency medical treatment TIPPS [expansion not given] technique, and ultra-sound guided liver cancer treatment. It was also first in the armed forces to use coronary atherosclerotic plaque reaming. It has preliminarily shaped a new pattern of hospital strengths, distinctive scientific skills and individual expertise. Its use of sophisticated medical treatment equipment such as X scalpels and spiral CT [expansion not given] improves further the quality of medical treatment and the level of diagnosis and treatment.

### III. Perseverance in Making the Training of Century-Spanning Skilled Medical Personnel a Strategic Task in Building Medical Ethics and Medical Mores

Human resources are crucial to the building of modern hospitals. Creating a number of century-spanning medical personnel possessing both integrity and skill requires extremely close attention to the building of medical ethics and medical mores. It requires teaching both knowledge and fostering medical ethics. It means training qualified medical talent that is politically steadfast, possesses lofty moral ethics, has a solid foundation, is

medically skilled, clearly outstanding, and whose development is complete.

A. The hospital employs many ways to select and cultivate young and middle-aged talent of outstanding integrity and knowledge. In the promotion of people having special skills, in selecting leaders in academic fields, in evaluating the front runners, and in choosing people to go abroad for study, the hospital puts medical ethics in a leading position. More than 200 specially skilled cadres possessing outstanding integrity and knowledge have been promoted out of turn to high level jobs requiring special expertise. A number of young and outstanding personnel have moved into administrative leadership positions where they play a very good role on the front line of medical teaching and research. They have become the mainstay in building the hospital. Each year more than 100 skilled mainstay cadres go abroad for academic exchange, to learn through observation, or for advanced study. A 1 million yuan per year hospital director scientific research fund has been established, and a "100 outstanding middle-aged and young talent bank" has been established. Dynamic administration is practiced, evaluation of medical integrity and medical mores is highlighted, and emphasis is given to operating funds, training, and scientific research to improve training.

B. The hospital works hard to carry forward the general hospital spirit and to mold a general hospital image. With a view to the hospital's realities and needs, in recent years, we have placed the focus of ideological and political work on the spiritual molding of medical personnel. We have energetically carried forward a dedicatory spirit of rescuing the dying and helping the injured; we have striven to create a first-rate competitive spirit, a spirit of respect for work with scrupulous adherence to duty, a scientific spirit of seeking truth and pragmatism, and a take charge spirit of loving the hospital like family. These "five spirits" are both a genuine depiction of the general hospital image, and are also an important component of our hospital's medical ethics and medical mores education. We have unflaggingly conducted education in the "five ardent loves, making ardent love for the motherland, the armed forces, the hospital, one's work, and patients the standard for action among the rank and file of medical personnel. We have held meetings and lectures reporting progressive deeds, and we have made full use of hospital history exhibits, propaganda showcases, closed circuit television, and the hospital newspaper to propagandize public opinion. We have shot a three-part television film "Exploring the Mysteries of PLA General Hospital," which depicts the hospitals achievements and the medical ethics and mores of the general hospital personnel. We have inculcated and publicized models of

medical integrity, and we have invited old experts and old professors who lived in both the old and the new society to speak about inculcation of a revolutionary view of life; we invited young students who declined high salaries intended to entice them to stay abroad, and who resolutely returned home to repay their country, to talk about their own view of life; and we invited comrades in ordinary jobs who do their work silently without thought of fame or fortune to talk about life so that everyone will understand why only good people can become good medical doctors, to increase feelings of national pride, and to intensify everyone's enthusiasm for work and competitive spirit to go all out and get ahead.

#### **IV. Perseverance in Making the Establishment and Perfection of Rules and Regulations the Basic Task in Building Medical Ethics and Medical Mores**

Better building of medical ethics and medical mores requires the building and perfection of corresponding rules and regulations to regulate the behavior of medical personnel. This is not only necessary for the provision of high quality medical treatment, but is also an important underpinning for the enhancement of the sense of decency of medical personnel, and the inculcation of fine professional ethics.

A. Establishment and perfection of a management mechanism. The hospital has set up leadership teams and an office for the building of hospital medical ethics and medical mores. To meet changed circumstances and needs, it has revised and improved "Regulations for Better Building of Medical Ethics and Medical Mores," which it distributed throughout the hospital, one copy to each person. Since some administrative offices expanded without authorization the range of services provided for payment, the hospital drafted "Control Regulations on Providing Services for Payment by Scientific and Technical Personnel," and "Procedures For Managing Income Received From Services for Payment." In order to prevent the infiltration into the hospital of harmful drugs, the hospital drew up "Drug Control Procedures." In order to solve personnel supervision problems once and for all, the hospital also drew up "Concrete Regulations on Medical Treatment Control," and "Regulations on Medical Personnel Consulting Outside the Hospital," which enhanced control.

B. Founding and perfecting a restraint mechanism. Fifteen comrades in medical treatment system units, who were engaged as medical ethics and medical mores supervisory personnel, wrote "Supervisory Personnel Work Regulations." The hospital set up in-house supervisory personnel, medical ethics and medical mores suggestion boxes, and whistle-blower telephones. They held

regular convalescent workshops, visited medical treatment system units regularly, conducted regular questionnaire surveys of hospitalized patients, released patients, and outpatients, and regularly appraised progress in building medical ethics and medical mores from which they obtained rather good results.

C. Establishment and perfection of an examination and criticism mechanism. The hospital set up a department head responsibility system and concluded a "Protocol for Greater Building of Medical Ethics and Medical Mores," which made performance in the building of medical ethics and medical mores an important criterion in the evaluation of career leadership achievements. Medical ethics and medical mores play a large role in management by objective appraisals. It is tied in with "dual-competition" [7175 3630] activities and linked to cadre promotions in grade and position to become a "single ballot veto." In order to improve the service attitude of outpatient medical personnel, control over service "window" units was increased. The hospital set up 13 ballot boxes in the outpatient building to solicit the views of patients. Each month the medical personnel were evaluated. The ones who had the best service attitude were given citations and material rewards, while those having the poorest service attitude received severe criticism and ordered to improve within a certain time.

#### **V. Perseverance in Making Investigation and Disciplinary Action on Matters About Which the Masses Reacted Strongly the Salient for Building Medical Ethics and Medical Style**

Forces were organized at once to deal with problems and signs of trouble that arrived through various channels, diligent action taken to investigate, discipline, and rectify. In order to prevent infiltration into the hospital of fake and second quality drugs, the hospital emphasized that the drugs that it purchased had to meet national standards, and bear batch numbers and markings to prevent counterfeiting. The private sale, commissioning for sale, and promotion of the sale of all drugs and biologicals was strictly forbidden. The pharmaceuticals and preparations used in the hospital had to come through "main channels," and be provided by and under control of the medicines office. All violations of regulations within medical channels were resolutely banned. It was decided to close two drug stores inside the hospital where patients paid for their own drugs about which there were many public complaints. Services provided for payment were cleaned up and rectified, and some administrative offices that expanded the scope of service for payment without authorization were taken to task. Hospital leaders were extremely attentive to problems with "gift giving" and dinner invitations for ulterior mo-



tives about which patients complained, instructing the discipline committee office and departments to conduct conscientious investigations and mete out punishments. The public reported that the hospital CPC committee had taken real action to build medical ethics and medical mores.

The hospital took strong action from which it scored definite achievements in the building of medical ethics and medical mores, but it still has a long way to go to meet the requirements of higher authority, and it has done much less than fraternal units. Some places are still not up to snuff. For example, a small number of medical personnel still have a stiff, cold, tough, or contentious service attitude. The service attitude of outpatient "window" units, in particular, requires further improvement. Instances of privately referring patients elsewhere, privately consulting elsewhere, and performing surgery elsewhere have been reported. We must take stronger actions for conscientious solution to these problems.

**PRC: Commentator Urges Attaching Importance to Politics**

*HK1302083096 Beijing JIEFANGJUN BAO  
in Chinese 3 Feb 96 p 1*

[Commentator's article: "Earnestly Implement Attaching Importance to Politics"]

[PTS Translated Text for FBIS] How are leading cadres to do a good job of implementing Chairman Jiang Zemin's important instruction on the imperative of attaching importance to politics? Li Guoan, commander of a power supply engineering regiment, has set an example for us with his practical action. It is precisely to work hard to do a good job at one's post, and plan wholeheartedly for the interests of the people according to the requirements of the Central Committee and the Central Military Commission [CMC].

As a communist and a leading cadre, Li Guoan implemented the party line, principle, and policies in an exemplary way, firmly implemented various instructions of the Central Committee and the CMC with Comrade Jiang Zemin as the core, and did a good job of working scrupulously and meticulously at his post. He bore in mind Chairman Jiang's words, "let the border defense guards drink no more bitter water," and regarded seeking sweet water for the border defense guards and the people as his own political mission. Unswervingly, he put into practice Chairman Jiang's requirement, "it is imperative to make unrelaxing efforts to render new meritorious service to the people," made light of long journeys, hardship, and exhaustion in northern border areas year in and year out, and worked one miracle

after another in completing water supply projects with his own sweat and hard work. He had a profound understanding that as long as he did a good job at his post and found water in border areas where water is in short supply, the local masses would keenly feel that the party has endless care for them and would thank the Communist Party and the People's Liberation Army wholeheartedly. In that way, he was paying attention to politics with his own practical actions. In fact, every post is a part of the party's undertakings and is closely linked to the prosperity of the party, the future of the motherland, and the interests of the people. As long as we do a good job in our work according to the party's line, principle, and policies, we have earnestly implemented attaching importance to politics.

To earnestly attach importance to politics, a leading cadre must link his heart with the people and plan wholeheartedly for their interests. Back in the Yanan days, Comrade Mao Zedong said, fundamentally speaking, a political issue is mainly an issue of the attitude toward the people, and an issue of the relationship with the people. Comrade Deng Xiaoping has a very important thought, namely: In our thinking and work, a basic criterion is whether the people will support it, whether the people are for it, whether the people are happy about it, and whether the people will say yes. If this basic criterion is firmly set in our thinking, it will be possible for us to maintain soberness in the face of a complicated and changeable situation and a correct political orientation, share weal and woe with the people, be one with them, do our best to do substantial and good things for them, and win their trust with accomplishments in our work.

To earnestly implement attaching importance to politics calls for us to augment transformation of our world outlook. This is the ideological foundation for leading cadres to attach importance to politics. We must follow Li Guoan's example, correctly deal with personal fame and gain, firmly establish a mental outlook with the party's cause and the people's interests standing above all else, adhere to a high standard in work, play an exemplary role, go all out to make progress, and be bold at blazing new trails, while we must adhere to low standards in livelihood and play an exemplary role in this aspect, "let people see the party's image in oneself," and lead the masses to make progress with the strength of lofty character.



**PRC: Hebei Meeting on Public Security, Judicial Work**

SK0902134896 *Shijiazhuang Hebei People's Radio Network in Mandarin 2300 GMT 8 Feb 96*

[FBIS Translated Text] On the evening of 8 February, principal leading cadres of various city and prefectural public security, procuratorial, and judicial departments met at Hebei Hall. Among them, 30 cadres will be transferred to other localities in line with the appointments of the provincial party committee.

Provincial leaders, including Cheng Weigao, Ye Liansong, Xu Yongyue, Zhao Jinduo, Wu Yedu, Zhao Shiju, Zhang Shiru, (Zhong Zhixian), and (Wang Zhenfen) held talks with those leading comrades to be exchanged with other localities. Zhao Shiju, a member of the Standing Committee of the provincial party committee and director of the Propaganda Department, announced the decision of the Hebei provincial party committee on exchanging principal responsible persons of public security, procuratorial, and judicial organs with other cities and prefectures on behalf of the provincial party committee. It was learnt that this is the first time for the province to exchange principal responsible persons of public security, procuratorial, and judicial organs with other cities and prefectures in a unified manner.

At the group conversation, Cheng Weigao, Ye Liansong, and Xu Yongyue gave speeches. Comrade Cheng Weigao pointed out: Through repeated consultation and careful consideration, the provincial party committee has decided to exchange the principal responsible cadres of public security, procuratorial, and judicial organs with different cities and prefectures. This is an important measure for strengthening the building of leading bodies of the public security, procuratorial, and judicial departments and for improving the law-enforcing environment of these departments. It will be conducive to building leading bodies, improving the upbringing of cadres, and accelerating the development of public security, procuratorial, and judicial work. He called on cadres to be exchanged with other cities and prefectures in order to strictly observe the party's political discipline, to set strict demands on themselves, and to unconditionally obey the decision of the provincial party committee. Both cadres to be exchanged with other localities and local cadres should give consideration to the overall situation; should pay attention to unity; should learn from each other; should use other's strong points to make up for one's shortcomings; and should successfully carry out their work with concerted efforts. People's congresses, governments, and organizational departments of party committees at all levels should do a good job in electing and appointing cadres to be

exchanged in line with legal and organizational procedures, and should guarantee the smooth implementation of the work of exchanging cadres.

Comrade Ye Liansong emphatically pointed out: We should resolutely implement the decision of the provincial party committee and should successfully carry out the exchange of principal responsible cadres of public security, procuratorial, and judicial departments. Comrades who have been transferred to new posts should pay attention to party spirit; should give consideration to the overall situation; should resolutely obey the decision of the party committee; and should take up their posts and perform their duties as quickly as possible. Meanwhile, they should strictly observe organizational discipline and avoid bringing trouble to organizations and individuals because of the change of posts. This exchange will make a good start for a broader scope of cadre exchange work and help us to sum up some successful experiences to promote the in-depth development of this work.

After touching on the necessity and importance of this exchange, Comrade Xu Yongyue pointed out: It is necessary to strictly observe discipline. The provincial party committee's decision on appointing and removing cadres for exchange is the order of the provincial party committee that must be unconditionally carried out. Cadres to be exchanged are strictly forbidden to bring their entourage and cars or to accept gifts. They should comprehensively maintain unity; cultivate the hardworking spirit; guide public security, procuratorial, and judicial contingents with a tough work style; and realistically shoulder the political tasks of leading cadres. On the one hand, they should guarantee political and social stability in places under their jurisdiction; on the other hand, they should guarantee the political qualification of public security, procuratorial, and judicial contingents as well as create a new situation for public security, procuratorial, and judicial work.

After the group chatted, cadres to be exchanged with other localities were led by deputy secretaries in charge of public security, procuratorial, and judicial work of various cities and prefectures to report for duty at the posts in new units appointed by the provincial party committee.

Comrades to be exchanged unanimously expressed that they would unconditionally obey the decision of the provincial party committee, arrive at the new posts on schedule, rapidly cope with the new environment and new situation, subject themselves to discipline, do a good job in guiding the contingents, guarantee security in their localities, and never let down the ardent hopes of the provincial party committee and people across the province.

**General****PRC: Hu Jintao on Building Ranks of Entrepreneurs**

HK1302091496 Beijing JINGJI RIBAO in Chinese  
1 Feb 96 p 1

[Article by Hu Jintao (5170 6930 3447): "Bring Up Contingent of High Quality Enterprise Managers"; "Part four of a speech delivered by Comrade Hu Jintao at the National Organizational Work Forum on 13 December 1995, originally carried in 1996 Issue No 2 of SIXIANG ZHENGZHI GONGZUO YANJIU"]

[PTS Translated Text for FBIS] To attain the Ninth Five-Year Plan and long-range target for the year 2010, we need a big contingent of party and government leading cadres who adhere to the party's basic line and who have political integrity and capability. We also need large numbers of talented people with fine qualities, including a number of enterprise operators and managers who have high qualities and who can meet the needs of the socialist market economy. This is an important and pressing task.

Effecting a change in the economic system from the traditional planned economic system to a socialist market economic system and a change in the means of economic growth from extensive to intensive development is a major policy decision of the Central Government after making a comprehensive analysis of the status quo and the objective trend of China's economic and social development. This will be of great significance to improving the socialist relations of production, further emancipating and developing the productive forces, improving the quality of the economy, and breaking a path for national economic development which can maintain high growth and efficiency. Comrade Jiang Zemin recently pointed out: Of the thousands of intricate tasks in our economic work, a good and proper grasp of the two fundamental changes will mean that we have grasped the key link. To effect these two fundamental changes, it is necessary to do well work in various fields and particularly embody and implement it in the course of running enterprises well. State enterprises are the mainstay of the national economy, and a modern enterprise system based on the predominance of the public sector is the foundation of the socialist market economic system. Only by deepening enterprise reform and establishing a modern enterprise system with Chinese characteristics can China's new socialist market economic system be eventually established. Only by improving the operational and management level of the state enterprises as a whole, increasing the quality and use rate of essential production factors, and putting an end to the state of extensive enterprise operations can we ef-

fect a fundamental change in the means of national economic growth. What, then, should we rely on to deepen enterprise reform, increase efficiency, and promote enterprise development? Undoubtedly, we should rely on the party's political leadership over enterprises, on the role as political core of enterprise party organizations, and the enthusiasm and creativity of the broad ranks of staff members and the masses. In addition, we should rely on a large number of quality enterprise operators and managers who are good at operation, management, and relying on party organizations and staff members to carry out work. An increasing number of comrades have recently realized that there are good enterprises only if they have good leading bodies. Since reform and opening up, we have had a considerable number of state enterprises that have done a good job and are vigorous and competitive. Although some enterprises have encountered difficulties, they have put an end to their backwardness and developed rapidly through arduous efforts. There are various reasons for this, but there is a common point, namely, they have a firm and united leading body and a managerial group good at operations and management. There is also another circumstance, that is, some enterprises have a good foundation and development potential, but because of the inferior qualities of the operators and managers, or serious economic and ideological problems, or disunity within, production and operations of some enterprises went from bad to worse, some were heavily in debt, and some even went bankrupt. All this teaches us the necessity of attaching great importance to the building of enterprise leading bodies and the contingent of enterprise managers. We have made plans for speeding up the pace of state enterprise reform in the coming year. The party committee and relevant departments at all levels should seize the favorable opportunity and make strenuous efforts to train and upgrade the work of the enterprise party secretary, director, and manager in connection with the practice of deepened reform.

It is required by the two fundamental changes, by the development of a socialist market economy, and by the attainment of the grand strategic objective in three steps, to bring up a quality contingent of socialist enterprise managers and train a number of socialist entrepreneurs from among them who can play an exemplary role. A number of outstanding socialist entrepreneurs have emerged nationwide in recent years. Comrade Ma Enhua of the Baoding Textile Group Company Limited in Hebei, who died not long ago, is their outstanding representative. These comrades show us the proper qualities of socialist entrepreneurs. With lofty ideals, they should resolutely implement the party's line, principles, and policies and state laws and regulations; they should have rich socialist market

economic knowledge, be experienced in operations and management, and dare to and be good at participating in domestic and international market competition; they should trust and rely on the party, wholeheartedly rely on the working class, respect the rights and interests of the staff members and the masses, and be willing to accept supervision by various quarters; they should keep themselves free of corruption, foster a plain style, be willing to offer, and share weal and woe with the masses; and they should be honest and prudent, be free from rashness and arrogance, and be good at cooperating and working together with members of the leading body. All comrades working at enterprise leading posts should set high and strict demands on themselves and make concerted efforts in this direction.

There is a common law and also special respective laws for the growth of different kinds of people. The question of training and bringing up socialist entrepreneurs in light of objective laws requires continued explorations by various departments in all localities. In accordance with the characteristics of enterprise work and the experience gained by some localities in recent years, I think it is important to do the following work well: First, it is necessary to adopt practical measures to help enterprise managerial personnel to study Deng Xiaoping's theory of building socialism with Chinese characteristics, acquire all sorts of new knowledge required for developing a socialist market economy, and apply it to arm themselves and guide work. In the course of effecting the two fundamental changes, there are many new problems which we should understand and resolve. Only by arming themselves with scientific theories, constantly acquiring new knowledge, and mastering new technology and skills can enterprise comrades continuously enhance their ability to adapt themselves to the market economy, improve the methods and art of their leadership, and run enterprises well. Second, it is necessary to strengthen leadership over enterprise leading cadres. In light of the characteristics of enterprises and within the scope of their authority, party committees and relevant departments at all levels should genuinely exercise management over enterprise leading cadres and do a good job of it. These comrades, who have worked hard at the front line, have encountered many difficulties. We should show concern for their growth, fully affirm their achievements, encourage them to perform their functions in light of the law, promptly point out their shortcomings and deficiencies, and help them comprehensively temper and improve themselves politically and professionally. Third, the work of bringing up a contingent of quality socialist enterprise managers should be carried out in the entire course of deepening enterprise reform, particularly the accelerated reform of the enterprise personnel system. We should vigorously create

favorable conditions and an environment for comprehensively improving the quality of enterprise managers and for outstanding entrepreneurs to show themselves, and gradually develop various forms of mechanisms for enterprise managerial personnel to grow healthily and compete on equal footing. In light of the requirements of "Opinions on Strengthening the Building of State Enterprise Leading Bodies" drafted by the Central Organization Department, State Economic and Trade Commission, and Ministry of Personnel, it is necessary to first observe and carefully select members of the leading bodies of the backbone enterprises, particularly the party committee secretary, director, and manager.

While strengthening the ranks of leading cadres of the party and government and strengthening the building of the contingent of managers of socialist enterprises, we should continue to make efforts to bring up a large contingent of scientists, experts, and other specialists. To effect the two fundamental changes of overall significance, particularly the change in the means of economic growth, we should, in the final analysis, rely on scientific and technological progress and improve the quality of laborers. The key lies in attention to science, technology, and education. Proceeding from the overall situation of China's modernization program, the CPC Central Committee and State Council decided to implement nationwide the strategy of "revitalizing the country with science and technology" and regarded it as an important principle in the "Proposal" adopted by the Fifth Plenum. To implement the strategy of "revitalizing the country with science and technology," it is necessary to attach great importance to talented people. Scientific and technological personnel are the important developers of new productive forces, the essential disseminators of scientific and technological knowledge, and the backbone force for the building of socialist modernization. Without a large contingent of quality scientific and technological personnel, "revitalizing the country with science and technology" will be empty talk. Therefore, we should regard the training of outstanding scientific and technological personnel as a pressing strategic task and make strenuous efforts to fulfill it.

In a word, we should face the world, modernization, and the future; focus attention on the healthy growth of a new generation of people; build the "three contingents" together; and bring up a large contingent of quality personnel for the grand objective which transcends the century.



**Finance & Banking****PRC: Finance Ministry Signs Treasury Bond Agreement***OW1102141896 Beijing XINHUA in English  
1247 GMT 11 Feb 96*

[FBIS Transcribed Text] Beijing, February 11 (XINHUA) — The agreements on the issue of China's second batch of tradable treasury bonds for 1996 were signed in Shanghai today [11 February] between the Ministry of Finance and 49 primary dealers, according to the Ministry of Finance.

The agreements came a day before the issue of the bonds, the ministry said. Valued at 21 billion yuan (about 2.5 billion US dollars), the six-month bonds will be registered and can be traded on the secondary securities market immediately after the issue is closed on February 16.

The ministry said that the new bonds, underwritten by primary dealers, will be offered to the public through the clearing system at the Shanghai Stock Exchange, Shenzhen Stock Exchange, Wuhan Securities Trading Center, Tianjin Securities Trading Center and the national Securities Trading Automated Quotation System.

Individuals and other investors can buy the bonds through their securities accounts or secondary accounts at securities institutions, the ministry said.

**PRC: Report on Growth of Shanghai Financial Community***OW1202084296 Beijing XINHUA in English  
0724 GMT 12 Feb 96*

[FBIS Transcribed Text] Shanghai, February 12 (XINHUA)— China's largest metropolis is closer to making its dream of building itself into an international financial center come true, observers here say.

The city's financial industry has developed rapidly in market structure, technical means, reforms, and opening up to the outside world.

A regional commercial bank, the Pudong Development Bank, has been set up in this biggest industrial city in China, and the Pacific Insurance Company has broken the monopoly of the People's Insurance Company of China (PICC) in Shanghai and established its own footing.

The influx of foreign banks and securities firms has contributed to the diversification of the city's financial market formerly monopolized by state-owned banks. Shanghai now has a comprehensive financial network with the

central bank at the core, state-owned commercial banks as a principal part, and other commercial banks.

By the end of 1995, Shanghai had 14 Chinese banks, five Chinese insurance companies, 18 Chinese non-banking financial institutions, and 316 security institutions with legal person status from outside the city. Total financial operations came to 2,700, double 1990's figure.

The 38 financial institutions from 14 countries and regions and the 116 representative offices of foreign banking institutions from 19 countries have become a powerful force here.

At present, financial business amounts to 9.032 billion US dollars.

Shanghai has also made a breakthrough in computerizing the financial sector, with 80 percent of the banking offices having been computerized, and 400,000 credit cards and 1.41 million deposit cards have been issued so far. Each day, some 800,000 yuan is withdrawn through the ATM system.

The securities market in Shanghai has become a major source of capital flow, and the insurance market earned 4.4 billion yuan in 1995.

**Foreign Trade & Investment****PRC: Action on IPR Protection Described at Press Briefing***HK1302080396 Beijing RENMIN RIBAO in Chinese  
9 Feb 96 p 5*

[Report by staff reporter Chen Zujia (7115 4371 3946): "The IPR Office Under the State Council Says the Situation in IPR Protection in China Is Fine"]

[PTS Translated Text for FBIS] Beijing, 8 Feb (RENMIN RIBAO)— The Intellectual Property Rights [IPR] Office under the State Council held a press briefing this morning, giving Chinese and foreign reporters an account of the implementation of the "Action Plan on Effectively Protecting and Implementing Intellectual Property Rights" (hereinafter the "Action Plan") over the past year.

Duan Ruichun, press spokesman and director of the State Council's IPR Office, said that the "Action Plan" was drafted by the IPR Office in February last year. While implementing the "Action Plan," the office strengthened the forces as well as the extent of law enforcement in the fields of patents, copyright, trademarks, and the fight against unfair competition. More than 20 provinces and cities nationwide adopted a series of forceful measures. The achievements of IPR

protection and implementation in China are significant and the situation has improved remarkably.

From January to August last year, which was the focus of the law enforcement, alone, the country conducted 4,200 inspections in all localities, and recovered and destroyed 800,000 boxes of pirated cassettes and videotapes, 2 million boxes of pirated CDs, 40,000 sets of pirated software, and 840,000 copies of pirated books. The industrial and commercial management departments handled over 9,000 cases of trademark infringement. "Fines," "suspension of business and reorganization," "cancellation of business licenses," and other punishments were meted out to a dozen factories involved in producing pirated CDs and the units responsible for distribution.

At the end of last year, China's relevant government departments again planned a "winter central action" against illegal publications. In the banning of the showing of laser disc films for commercial purposes alone, 98 percent of the cinemas showing laser disc films were shut down.

Duan Ruichun also gave an account of the implementation of the "Action Plan" last year, which involved patent protection, trademark protection, customs law enforcement, the establishment of a copyright attestation system, the protection of famous trademarks and the opposing of unfair competition, education and training in IPR law, and the judiciary.

Duan Ruichun said that IPR protection is an international issue. As infringement of IPR and piracy are also common in the developed nations, it is the common task of all countries to establish a new order for IPR protection. China has taken resolute action to protect IPR and will fulfill its international obligations. Constructive opinions from all countries on legislation and enforcement of IPR in China are welcome. Words and deeds that exaggerate or distort the picture regardless of the facts cannot be justified.

In response to a foreign reporter's question on cracking down on IPR infringement and fighting corruption, the spokesman said that corruption and IPR infringement are both targets of attack in China. Any corrupt practice which shields IPR infringement can be reported to the Central Discipline Inspection Commission. While handling IPR infringement cases, we have discovered that IPR infringement practices are backed by lawless businessmen abroad and outside the borders.

At the briefing, responsible officials from the Ministry of Foreign Trade and Economic Cooperation, Bureau of Legislative Affairs, China Patent Bureau, PRC State Administration for Industry and Commerce, PRC Press

and Publications Administration, State Copyright Administration, and PRC General Administration of Customs also gave Chinese and foreign reporters accounts of the implementation of IPR protection in their respective fields.

#### PRC: MOFTEC Official Claims 'Great Strides' in IPR Protection

HK1302100696 Beijing CHINA DAILY in English  
13 Feb 96 p 1

[By Sun Hong: "Nation Active In Protecting IPR"]

[PTS Transcribed Text for FBIS] An official of the Ministry of Foreign Trade and Economic Cooperation [MOFTEC] said yesterday that China has always been active in fulfilling its obligations and has made great strides in efforts to protect intellectual property rights.

"Some overseas people have criticized China of not living up to its promises on IPR protection. Such attacks are totally groundless," Zhang Yuejiao, director-general of Moftec's treaty and law department said.

Zhang said: "Besides waging numerous raids to stop pirated products, the government has attached special attention to stopping IPR violation in the production sector."

Among the 34 established CD plants in China, 31 have been registered and the rest have been refused registration for either not meeting standards or for IPR violation, she said.

According to Wu Shulin of the Office of State Council Intellectual Property Executive Conference, all CD production lines of the registered plants are under daily supervision of officials sent to CD plants, and every CD produced by these plants bear SID (source identification) codes now.

Wu said: "The situation has improved significantly. Even in Guangdong Province, which used to see wide CD piracy, investigations have found that no violations exist in local CD production lines today."

Recently, the government also intensified a campaign to rectify businesses of LD (laser disc) parlours, which are believed to be key consumers of pirated LDs and VCDs (video compact discs). So far, 98 per cent of the 5,000 LD parlours in China have been closed, he said.

In another move, the State Copyright Administration (SCA) has told shops to stop selling imported feature film VCDs that have not been registered at the administration or have not been authenticated.

It requires all publishing houses to have their publication contracts signed with foreign publishers registered at the

SCA before April 1 this year, and put registration codes on their products.

"To further strengthen protection of copyrights," Wu said, "we call for co-operation from foreign governments since many of the violation cases found were conspired by domestic and overseas offenders jointly."

Statistics show that 29 plants of the 31 CD reproduction plants are joint ventures. Overseas investors of these ventures include 21 from Hong Kong, four from the United States, two from Singapore, one from Taiwan and one from Switzerland.

Zhang of Moftec said that in recent years, China has "not only set up complete legal systems on protection of copyright patents, trademarks and copyrights, but also implemented these laws efficiently."

By the end of last June, people's courts of China had accepted and heard 3,052 patent cases and settled 2,551 of them. By the end of October last year, 44 patent administration offices across the country had handled a total of 3,248 patent disputes, of which 88 per cent had been resolved.

In 1995, China investigated and handled nearly 20,000 trademark violation cases, including 3,000 concerned with overseas enterprises. Violators paid fines of more than 50 million yuan (\$6 million) and compensation fees of over 30 million yuan (\$3.6 million).

Trademark applications witnessed noted growth—surpassing 160,000 last year, including 20,000 by overseas applicants.

#### **PRC: Copyright Office Issues 'Urgent' Circular on Video Discs**

*OW1202165496 Beijing XINHUA in English  
1414 GMT 12 Feb 96*

[FBIS Transcribed Text] Beijing, February 12 (XINHUA) — The State Copyright Administration (SCA) has told shops to stop selling imported feature film video compact discs (VCDs) that have not been registered at the administration.

In an urgent circular published here today, the administration said that all video and audio shops must remove such products from their counters and store them in warehouses under the supervision of local copyright bureaus.

It added that all publishing houses should have the publication contracts they signed with foreign publishers registered at the SCA before April 1 this year, and put registration codes on their products.

"If they continue to sell illegal VCDs, local copyright departments have the right to confiscate the goods," the circular notes.

VCDs have become a major carrier of pirated foreign feature movies in recent years. Some of them have been officially published by state publishing houses, but their authorizations were fake, according to the SCA.

The SCA has been asking publishing houses to register contracts, and it will help them verify the reliability of the authorizations. But some publishers still ignore the order.

China has set up copyright identification relations with some countries and regions, including the United States and Hong Kong, which have many times helped find the true copyright owners abroad.

#### **PRC: 'Urgent' Circular Bans Unregistered VCD Sales**

*OW1302120196 Beijing XINHUA Domestic Service  
in Chinese 0722 GMT 13 Feb 96*

[By reporter Qu Zhihong (2575 1807 4767)]

[FBIS Translated Text] Beijing, 13 Feb (XINHUA) — The State Copyright Administration [SCA] recently issued an urgent circular banning the sale in localities of overseas feature film video compact discs [VCD] (laser discs), whose contracts have not been registered and verified.

The circular says: All selling units should immediately remove VCDs that have not been verified (that is, those without the SCA contract registration number) from their counters and seal them up on the spot for further handling under the supervision of local copyright bureaus; and the sale can be continued only after the publishing units complete the registration. The SCA will distribute lists of registered overseas video and audio products at any time.

The circular adds: Publishing units which have not registered their contracts at the SCA should complete the registration before 1 April this year; and should print the SCA contract registration number on audio and video products.

According to a SCA senior official, VCDs have become a major carrier of pirated foreign feature movies in the market in recent years. In addition to illegal publications, there are VCD's that have been officially published by audio and video publishing units, but their authorizations were fake. Therefore, the SCA has been urging publishing units to register contracts they signed with foreign publishers. The SCA will help publishing



units verify the reliability of the authorizations. The latest circular banning the sale of unregistered VCDs will further strengthen the protection of the lawful rights and interests of Chinese and foreign copyright owners and effectively crack down on piracy in various areas.

**PRC: Beijing Destroys Illegal Audiovisual Products**  
*OW1302061496 Beijing ZHONGGUO XINWEN SHE*  
*in English 1324 GMT 9 Feb 96*

[FBIS Transcribed Text] Beijing, February 9 (CNS) — Some 50,000 obscene or pirated audio-visual products were destroyed publicly in the Beijing suburb of Miyun County this afternoon.

The illegal products, included CDs, VCDs, record and video tapes of which 25 percent were pirated, were steam-rolled. It took about one hour to crush the items to pieces. They were later buried as rubbish in accordance with usual practice.

Officials in charge of the destruction said that five raids had been conducted by the municipality's audio-visual administrative department with the help of the public security bureau. The action aimed to deal with illegal leasing, projection and sale of CDs and VCDs. A number of cases were solved and criminals brought to justice. Piracy and illegal production as well as the sale of audio-visual products have been effectively curbed.

During a raid last January, some 30,000 illegal audio-visual products were seized and destroyed. Sources from the municipal government said that around the time of the Spring Festival, the municipality would intensify its clampdown on the illegal VCD market in a bid to eliminate piracy and copyright violation of audio-visual software.

**PRC: Vice Premier Meets Boeing President**  
*OW1302125796 Beijing XINHUA in English*  
*1225 GMT 13 Feb 96*

[FBIS Transcribed Text] Beijing, February 13 (XINHUA) — Chinese Vice-Premier Zou Jiahua had a meeting with Ronald Woodard, president of the Boeing Commercial Airplane Group of the United States, and his party here today.

Zou expressed his appreciation to Boeing company for its cooperation with China in aviation industry over the past 25 years. The vice-premier also praised Boeing's effort in helping promote the Sino-US economic and trade ties.

With the development of China's economy, Zou said, there will be larger market needs in China's aviation industry. In addition to purchasing (foreign aircrafts), he said, China will develop its aircraft building as well.

The vice-premier expressed the hope that foreign aviation companies, including Boeing, and their Chinese counterparts further expand the cooperation in aircraft parts building, personnel training, quality control and other areas according to the principles of equality, mutual benefit, long-term cooperation and common development.

**PRC: Zhejiang's Exports, Imports To Hit \$12.7 Billion in 1996**

*OW1302063996 Beijing XINHUA in English*  
*0619 GMT 13 Feb 96*

[FBIS Transcribed Text] Hangzhou, February 13 (XINHUA) — East China's Zhejiang Province plans to import and export 12.7 billion US dollars-worth of commodities in 1996, said Yang Zucheng, director of the Zhejiang Bureau of Foreign Trade and Economic Co-operation.

In the meantime, he said, the province will actually use 1.3 billion US dollars of foreign investment and push a number of large and medium-sized state-owned enterprises onto the international market.

During the Eighth Five-Year Plan period (1991-1995), seven national economic development zones were set up, and experiments was made to introduce foreign capital into the financial sector.

In the meantime, the gross import and export volume of the province stood at 34.16 billion US dollars, up 250 percent from the previous five-year plan period.

The exports of the province accounted for 5.7 percent of the country's total in 1995, as against 4.3 in 1990.

In the 1991-1995 period the province approved 11,774 foreign-funded enterprises, involving contractual foreign capital of 13.12 billion US dollars and pledged foreign capital of 3.82 billion US dollars.

**PRC: Guangdong To Improve Efficiency in Overseas Business**

*OW1302075196 Beijing XINHUA in English*  
*0643 GMT 13 Feb 96*

[FBIS Transcribed Text] Guangzhou, February 13 (XINHUA) — South China's Guangdong Province will make a greater effort to improve efficiency in its overseas businesses, according to the provincial Foreign Economic and Trade Co-operation Committee.

The province has 744 businesses overseas, with 403 in Hong Kong, 76 in Macao, and 265 in other parts of the world, according to an official in charge of the committee.

They deal with everything from imports and exports, finance, securities, property, and transportation to labor, consulting services, and tourism and had profit of more than three billion Hong Kong dollars last year.

But, compared with 59,000 foreign-funded joint ventures in Guangdong, the overseas companies are few in number, and few of them have large-scale production capacity. In fact, 19 percent of them are in the red, and many others are idle.

To solve these problems, the province plans to develop businesses in Japan and to set up large enterprises in North America, Europe, and the Atlantic Region, the official said.

It will also support large companies like Foshan Development, the Fumin Group, and Qijiang Development and encourage the province's 73 enterprises that rank among the country's 500 top to set up businesses or branches overseas.

For those that are losing money, the province will merge or close down some and do its best to help bail the others out.

#### **PRC: Local Regulations Help 'Orderly' Pudong Development**

OW1302065596 Beijing XINHUA in English  
0612 GMT 13 Feb 96

[FBIS Transcribed Text] Shanghai, February 13 (XINHUA) — The Pudong New Area in Shanghai, China's financial and economic center, is witnessing orderly development thanks to the promulgation of 71 regulations in the aspects of economy, commerce, science and education.

Instead of resorting to administrative meetings or leaders' directions like they did before, people in Pudong seek help from regulations now when they encounter new problems.

When no such regulations are available, the authorities invite specialists and scholars concerned from both at home and abroad to draw up relevant regulations as soon as possible, in a bid to ensure that any new economic activity can be brought into the orbit of legality soon after it emerges, which is quite different from their habitual practice of drawing up laws only after enough experience has been accumulated.

In recent years there have been hundreds of construction companies involved in over 4,000 construction sites in this economically booming area.

In view of this, the Management Committee of the Pudong New Area has enacted a series of specific and concrete regulations, including interim regulations for

environmental management of construction sites and regulations on punishment of construction in violation of rules, in an attempt to ensure an effective management of construction industry in Pudong.

Although some of these regulations are only interim ones and awaiting perfection, both domestic and foreign investors have expressed their appreciation because the timely and effective legislation in the Pudong New Area has contributed quite a lot to the rapid and orderly development of the area.

#### **\*PRC: Sino-ASEAN Trade in Context of APEC Examined**

96CE0073A Beijing GUOJI SHANGWU  
[INTERNATIONAL BUSINESS] in Chinese 30 Sep 95  
No 5, pp 21-27

[Article by topic group at University of Foreign Economic Relations and Trade: "Sino-ASEAN Trade Expands Amid Growing Asia-Pacific Economic Cooperation"]

[FBIS Translated Text] There are two broad trends in global economic development and they are both accelerating by the day in the remaining years of the 20th century. One of them is the eastward shift of the focus of global economic development from the Atlantic rim to the Pacific rim. Rapid economic growth in, first, Japan, later the four "mini-dragons," and now, China, ASEAN, and a host of other countries in the Asia-Pacific region, have rapidly altered the regional look of the global economy. It is now widely believed that the next century will be one when the Asia-Pacific region, particularly East Asia, will continue to experience fast economic growth. The second broad trend is the gathering pace of economic integration and regionalization. On the one hand, unremitting effort on the part of the multilateral free trade system, as represented by GATT, has culminated in the remarkable achievement of the birth of the World Trade Organization [WTO]. On the other hand, economic regionalization, heavily tinged with protectionism, has also been growing by leaps and bounds. The best examples are the creation of a unified market in Europe and the conclusion of the North American Free Trade Agreement [NAFTA].

#### **I. Economic Integration in Asia-Pacific Region: Ideas and Present Situation**

Economic cooperation in the Asia-Pacific region has made significant headway since the 1980's with the emergence of supranational economy-regulating elements. As the most enthusiastic proponents of economic cooperation in the Asia-Pacific region, Japan, the United States, and Australia have put forward a parade of plans

and ideas over the years. However, none of them—not the "Asia-Pacific community" proposed by Foreign Minister Miki of Japan in 1968, not the "Pacific free-trade zone" put forward by Xiao Dao Qing, a Japanese professor, in 1970, and not the "Pacific community" concept sketched by the United States in the 1970's—was greeted warmly by the many nations in the Asia-Pacific region.

It was Australia's call in the late 1980's for the creation of an inter-government consultative organization that first struck a responsive chord in the region. In November 1989, the first Asia-Pacific economic and social council was inaugurated in Canberra and an Asia-Pacific economic cooperation organization was born in the form of a conference held at regular intervals to bring together ministers from around the region. By 1994 six ministerial conferences had been held. In addition, there have been two unofficial summits attended by the region's heads of state or heads of government. China's Jiang Zemin has attended both summits.

It was the second summit for heads of government that adopted the "Declaration on the Joint Resolution of the Economic Leaders of the Asia-Pacific Economic Cooperation Forum [APEC]" (known as the Maowu Declaration for short) laying down a timetable for achieving trade and investment liberalization in the Asia-Pacific region by the year 2020.

Owing to geographical and economic differences and other disparities in political and economic systems, however, the feasibility of regional integration is still highly debatable. At the least the influence and role of APEC to date are but a pale shadow of those of EC and the North American bloc.

It should be noted that the United States is bent on remaining the center of the global economy, be it Atlantic-based or Pacific-based. It is this desire that explains its strong advocacy of Pan-Pacific economic cooperation. The United States' enthusiasm for Pan-Pacific economic cooperation is also largely motivated by a desire to prevent countries in East Asia from embarking on integration on their own. The last thing the United States wants to see is the rise of an East Asian bloc as a potential competitor to NAFTA.

## **II. Regional and Sub-regional Economic Cooperation in East Asia: Ideas and Present Situation**

Prompted by rising economic regionalization elsewhere in the world, countries and regions in East Asia have shown a strong desire for integration. That Japan is the leader of the pack in East Asia is beyond dispute. For historical reasons, however, every country

in East Asia, including China and ASEAN, maintains a sharp vigilance against Japan. Add the geographical, economic, social, and cultural differences in East Asia, and you can see that the region has a long and bumpy journey ahead of it if it is to achieve the kind of integration found in EC or North America.

ASEAN and the China economic zone aside, it is both faster and more practically significant in East Asia to foster economic cooperation on a smaller geographical scale. These loose sub-regional and even sub-sub-regional forms of economic cooperation manifest themselves as open "growth triangles," which come in all shapes and sizes.

Growth triangles crisscross East Asia, overlapping and interwoven with one another but invariably related to either China or ASEAN. The "South China economic growth triangle," "Huang Hai economic development triangle," and "Tumenjiang economic development triangle," for instance, are related to China, while the "southern growth triangle" and "northern growth triangle" in the Strait of Malacca are both examples of sub-sub-regional cooperation within the ASEAN framework.

It is superfluous to say that this kind of sub-regional and sub-sub-regional economic integration is still at a very elementary level and has a long way to go before it constitutes a bloc or a regional bloc. However, it is a pragmatic economic cooperation model in that it works with what is available locally and sidesteps many of the difficulties that would plague any effort to put together a more advanced regional grouping for now. It helps the different nations or regions achieve cooperation in a specific area first before duplicating it across the board, or at an elementary level before moving up to a more advanced level, ultimately creating a regional bloc on a larger scale and at a higher level. In this sense, sub-regional and sub-sub-regional economic cooperation constitutes the "first step" in regional integration.

While the China economic zone and ASEAN are no match for EC or NAFTA in depth or scope, they have now gone beyond the "first step" and are poised to play an increasingly important role in East Asian regional development in the Pacific era. The drive for multilateral and bilateral economic and trade cooperation between China and ASEAN is perhaps a useful experiment that may lead to regional integration encompassing all East Asia in the future.

It must be pointed out that ASEAN is an economic and trade organization composed of six (possibly more) sovereign nations while the China economic zone consists of one sovereign nation divided into four regions by history. Although political unification between the



two sides of the Taiwan Strait is still beset with problems, the return of Hong Kong and Macao to China is now in the countdown phase. Furthermore, an economic quadrangle anchored by Hong Kong and the vast south China region has effectively been in existence since the 1980's.

### III. The Process of Economic and Trade Integration within ASEAN

#### A. Review

The history of economic and trade integration in ASEAN goes back to its inception in 1967. During the next 28 years, economic and trade integration within ASEAN did not move ahead as fast as political, social, and cultural cooperation. It was not until the late 1980's and early 1990's that cooperation picked up steadily, in part in response to the gathering momentum of economic regionalization around the world and in part as a result of fast economic growth (averaging above 7 percent annually between 1988 and 1993) in every ASEAN member nation and rising liberalization, which made it possible to create a regional free-trade system. At the fourth ASEAN summit held in Singapore in 1992, all the heads of government unanimously affirmed the need for greater cooperation and resolved to create an ASEAN free-trade area [AFTA] within 15 years. The plan for a free-trade area was first put forward by the Philippines back in 1968 only to run into opposition from every ASEAN nation except for Singapore. Its passage in 1992 was a milestone in regional economic cooperation in ASEAN.

#### B. The Current State of Economic and Trade Cooperation in ASEAN

Intra-ASEAN trade has been rising steadily. Total internal trade grew from \$9.5 billion to \$35 billion, a 2.7-fold increase, between 1977 and 1988 and has experienced another surge in recent years. Within ASEAN, over 20,000 categories of commodities now come under preferential tariffs. The value of commodities eligible for preferential tariffs has been liberalized, from \$500,000 at the beginning to \$10 million. The preferential rate has also gone up from the original 10-30 percent to 25-50 percent.

Nevertheless, compared with the total trade of its member nations, intra-ASEAN trade has remained stagnant for years, hovering between the 15-20 percent level, a far smaller proportion than that of internal EC trade or intra-NAFTA trade. In 1990, intra-ASEAN trade accounted for 19.9 percent of its total exports; the corresponding figures for EC and NAFTA were 65.2 percent and 41.2 percent, respectively. This shows that ASEAN is still heavily dependent on external markets.

Historically internal ASEAN trade was dominated by primary products. More recently, however, this pattern has changed. According to figures from the International Outlook and Information Research Center and statistics from the trade and world economic combined statistical database, primary products made up 68.05 percent of ASEAN's internal trade in 1980. Over half of it, or 51.58 percent, consisted of energy; 0.97 percent, materials; and 15.5 percent, farm products. By 1991, the share of primary products had dropped sharply to just 33.17 percent. The breakdown is as follows: energy, still a substantial 24.66 percent; materials, 1.20 percent; and agricultural products, 7.31 percent. To date industrial products account for more than 60 percent of ASEAN's internal trade, with machinery and electrical appliances registering particularly strong gains, their combined share in 1991 being 42.93 percent. These changes are mainly the result of the drive by ASEAN member nations in recent years to develop export industries with foreign capital, which, in turn, has boosted the exports of industrial products.

What must be emphasized is Singapore's central role in internal ASEAN trade. Singapore accounts for 40 percent of internal trade either as a place of product origin or as a market. About 70 percent of what Singapore exports to its fellow ASEAN members are re-exports. Moreover Singapore accounts for 70 to 80 percent of the internal trade of every ASEAN member except for the Philippines.

Already well-established throughout history as a transit point in Southeast Asia, Singapore remains a transshipment hub in the region today.

#### C. Investment and Industrial Cooperation: Current Situation

Singapore is the lead player in investment cooperation in ASEAN. In fact, investment is almost always a one-man-show featuring Singapore. In 1989, Singapore investments in Malaysia, Thailand, and Indonesia accounted for 10.6 percent, 5.1 percent, and 3.5 percent of total direct foreign investments in those three nations, respectively. Hemmed in by fund shortages and technological limitations, other ASEAN members are insignificant players in internal ASEAN investment.

To compensate for the weaknesses of most of its members pertaining to funds and technology, ASEAN has adopted a "joint development" model of industrial cooperation. By concentrating funds and utilizing the diverse strengths of all member nations, be they raw materials, technology, or manpower, it has set up a host of large-scale industrial enterprises in the various nations to jointly make industrial products for use by all ASEAN nations. Indonesia's Ya Qi chemical

fertilizers plant, which went into production in 1983, not only satisfies the needs of all ASEAN nations, but has surplus to export to other countries. Joint manufacturing has also been effectively applied in glass, porcelain, and small tractor production. Among the most important projects is one in joint automobile manufacturing. The importance of industrial cooperation is fully recognized by all ASEAN governments. The third ASEAN summit in 1987 called for protection for jointly manufactured products and proposed that their preferential rate be lowered to encourage competition with similar products outside ASEAN. The summit also called for strengthening intra-ASEAN industrial cooperation in a variety of ways.

#### D. "Growth Triangle" Cooperation

The "Singapore-Johor Baharu—Kepulauan Riau growth triangle," which took shape in the late 1980's, has been a success. It is composed of Johor Baharu, a province in Malaysia; Kepulauan Riau (including the islands of Bintan, Batam, and Kalimu), which is part of Indonesia; and Singapore. Singapore and Indonesia have jointly developed hydropower resources in Bintan and Singapore has built a seaport on the island of Kalimu. Singapore's high-tech industry, Malaysia's intermediate-technology industry, and Indonesia's labor-intensive industry have converged in the growth triangle to the economic benefit of all. In July 1993 Thailand, Malaysia, and Indonesia unanimously approved the establishment of a "northern triangle" to be made up of five provinces in southern Thailand; four states in northern Malaysia, including Penang; and Sumatra and the Ya Qi special zone, both in Indonesia. These three nations agreed to cooperate in ten areas, including border trade, investment, energy, industry, human resources, tourism, agriculture, and fishery. Moreover, Thailand, Malaysia, and Indonesia have drawn up plans to build an industrial village in Hat Yai in Thailand and Kota Baharu in Malaysia to fully exploit the region's ample natural resources, manpower, and technology. The three countries have also devised preferential measures to encourage investment in that triangle and tax-free regulations aimed at increasing border trade. By late 1994, the four nations making up ASEAN's "eastern triangle," namely Malaysia, Brunei, the Philippines, and Indonesia, were mulling over the creation of an "east ASEAN free-trade zone" to test the waters for the formation of a full-fledged ASEAN free-trade area. Economic triangles are an essential part of economic integration within ASEAN. By allocating the funds, technology, resources, and manpower of its member nations effectively, economic triangles promote faster economic growth in the region even as they spur economic integration within ASEAN.

#### E. Prospects for Economic, Trade Integration within ASEAN

The ultimate goal of economic integration within ASEAN is the creation of an ASEAN free-trade area. As a matter of fact ASEAN has developed an implementation table for achieving that very goal. Starting in early 1993, the tariffs on 15 major commodities would be reduced to 0-5 percent from the existing 20 percent plus within ten years. Tariffs on another 15 leading commodities, which are now 20 percent or below, will be lowered to 0-5 percent within seven years. As for other commodities, their tariffs would be lowered to 0-5 percent within 8 to 15 years. In September 1994, all ASEAN member nations agreed to shorten the time required to set up the ASEAN free-trade area to 10 years from 15 as originally planned in response to the Marrakech agreement on eliminating trade barriers. ASEAN has also agreed to lower tariffs on industrial products and agricultural goods within the region to 0.5 percent on 1 January 2003. The six ASEAN member nations are still at vastly different levels of economic development, so the economically backward ones remain skeptical about the economic benefits of integration for them. There are also other obstacles to economic integration. For all these reasons, trade and economic integration within ASEAN will not be smooth sailing.

As far as non-tariff barriers are concerned, they exist to various extents in all member nations. Apart from quotas, licensing restrictions, and administrative arbitrariness, disparities among the technical standards based on the British, United States, and other European systems inherited from colonial days present another roadblock to integration.

As for tariffs, they pose a problem of varying magnitude to different ASEAN nations. Thailand, the Philippines, and Indonesia rely heavily on tariff protection, so they are more vulnerable to the impact of tariff cuts and would find it harder to put them into effect. These countries, therefore, may find it necessary to exclude some products from the tariff cuts list for now or in the long haul, which would be a setback to the realization of CEPT (expansion not given). The Philippines, for example, has exempted 1,300 products, 24 percent of tariff subcategories; Indonesia, over 1,700 products, 19 percent of tariff subcategories; Malaysia, 1,600, 13 percent; Thailand, 600 plus, 11 percent; Brunei, 300 plus, 5 percent; and Singapore, 100 plus, or 2 percent.

ASEAN countries boast ample but similar natural resources as well as comparable economic structures. As a result, their economies are not highly complementary. On the contrary, many of their products compete against

one another on the world markets, another fact that militates against integration and the formation of a regional bloc.

#### IV. Economic and Trade Relations Between China and ASEAN

##### A. Trade

All developing nations in the Asia-Pacific region, China and the ASEAN countries are not only in close geographical proximity but are also at a comparable level of economic development. When it comes to natural resources, economic structure, applicable technology, and managerial experience, these several countries are more complementary. For historical reasons, bilateral economic relations and trade made little progress in the long years before China embarked on reform and adopted an open policy. In the 1980's, however, China

established or reestablished diplomatic relations with all ASEAN nations and their bilateral trade and economic exchanges also increased over time. Moreover, what used to be nongovernmental trade has now evolved into government-to-government trade and what was once a single form of trade relations has developed into economic and technological cooperation of all forms and shapes. Since 1990, in particular, bilateral trade has taken off across the board. According to Chinese customs statistics, Sino-ASEAN trade totaled \$13.21 billion in 1994, an increase of 23.7 percent from 1993, including \$6.38 billion in Chinese exports and \$6.83 billion in Chinese imports, up 36.3 percent and 13.6 percent, respectively, from a year ago. Compared with 1975 and 1985, total trade in 1994 was up 25.3-fold and 4.03-fold, respectively; exports, up 15.8-fold and 2.41-fold; and imports, 56.4-fold and 11.1-fold. (See Table 1)

Table 1. China's Exports to and Imports From ASEAN (unit: \$1 billion)

	Total imports and exports	percent change from year ago	Exports	percent change from year ago	Imports	percent change from year ago	Difference
1975	0.523	-	0.402	-	0.121	-	0.281
1985	3.27	-	2.65	-	0.617	-	2.033
1990	6.70	-	3.74	-	2.96	-	0.78
1991	7.94	18.5	4.12	10.2	3.82	29.1	0.310
1992	8.47	6.7	4.26	3.4	4.21	10.2	0.057
1993	10.68	26.1	4.68	9.9	4.00	42.5	-1.31
1994	13.21	23.7	6.38	36.3	6.83	13.8	-0.45

Source: Calculations based on "China Customs Statistics"

Chinese trade with Malaysia shot up 53.3 percent in 1994, faster than with any other ASEAN nation. Specifically, Chinese exports to Malaysia jumped 58.7 percent. The next growth leader was China-Brunei trade, followed by Chinese trade with the Philippines, Indonesia, and Singapore. In terms of the total dollar value of bilateral trade, China-Singapore trade increased the

fastest, reaching \$4.89 billion and \$5.04 billion in 1993 and 1994, respectively, followed by Malaysia, Indonesia, Thailand, the Philippines, and Brunei, in that order. (See Table 2) In recent years China has consistently imported more from Indonesia and Malaysia than its exports to those countries, with the deficits amounting to billions of dollars in all.

Table 2. China's Exports to, Imports From Six ASEAN Nations (unit: \$1 million)

	1993			1994		
	Exports	Imports	Difference	Exports	Imports	Difference
Singapore	2242.3	2645.8	-400.5	2558.4	2482.0	76.4



	1993			1994		
Indonesia	691.7	1468.5	-776.9	1051.7	1588.4	-536.7
Malaysia	704.4	1083.6	-379.3	1117.7	1622.7	-505.0
Thailand	750.5	601.5	149.0	1159.3	864.4	294.9
Philippines	280.5	212.9	67.6	475.7	272.4	203.3
Brunei	10.6	0	10.6	16.3	0	16.3

Source: "China Customs Statistics"

The development of Sino-ASEAN trade has been accompanied by a substantial improvement in the mix of imports and exports of each party. Before the 1990's, the imports and exports of both sides were characterized by primary products. In 1989, primary products accounted for 55.7 percent of China's exports to ASEAN and 68.7 percent of its imports. Since 1990, manufactured goods have made up a steadily rising share of bilateral trade.

In 1994, manufactured goods constituted 72.7 percent of China's exports to ASEAN and 52.5 percent of its imports from it. Manufactured goods now make up a significant part of China's trade with every ASEAN nation except for the Philippines and Singapore. Primary products still dominate China's imports from those two countries. (See Table 3)

Table 3. Product Mix of Sino-ASEAN Trade 1994 (unit: \$1 million)

	Exports				Imports			
	Primary products	% of total exports	Manufactured products	% of total exports	Primary products	% of total imports	Manufactured products	% of total imports
Singapore	727.69	28.4	1830.73	71.6	1329.79	53.6	1152.23	46.4
Indonesia	362.36	34.5	689.34	65.5	742.57	46.8	845.79	53.2
Malaysia	359.03	32.1	758.63	68.9	692.16	42.7	930.51	57.3
Thailand	153.81	13.3	1005.47	86.7	303.13	35.1	561.26	64.9
Philippines	172.82	36.3	302.87	63.7	176.95	64.9	94.45	35.1

Source: Calculations based on figures in "China Customs Statistics"

#### B. Investment

Sino-ASEAN trade has blossomed, but it is investment cooperation between China and some ASEAN nations that has been even more spectacular. In 1993 there were 3,456 ASEAN-funded projects in China, up 123 percent

from 1992, and the amount of contracted investment was \$5.678 billion, of which \$1.003 billion had actually been invested, up 31.3 percent and 277 percent, respectively, from the preceding year. (See Table 4)

Table 4. ASEAN Investments in China 1990-September 1994 (unit: \$10,000)

	Projects	Contracted amount	% change from year ago	Amount actually invested	% change from year ago	Actual investment as % of contracted amount
1990	128	15954	-0.96	6046	-42.31	37.87
1991	303	33202	108.11	8755	48.81	26.37
1992	1550	432420	1202.39	26646	204.35	6.16
1993	3456	567466	31.31	100273	276.32	17.66
Jan-Sep 1994	1789	397143	-	108313	-	27.27

Source: Based on data from Ministry of Foreign Trade and Economic Cooperation

Of the six ASEAN nations, Singapore and Thailand are the foremost investors in China in terms of both growth rate and amount of investment, followed by Malaysia and the Philippines. During the first half of 1994, there were 3,834 Singapore-funded and 1,826 Thailand-funded projects in China. Their combined contracted investment was \$6.817 billion in the case of Singapore and \$3 billion in the case of Thailand, of which \$1.321 billion and \$0.6 billion, respectively, had actually been invested, making Singapore and Thailand the fifth and eighth largest foreign investors in China. ASEAN-funded investment projects in China have been gravitating more and more toward the upper end of the market. Geographically, they are now no longer limited to the coast but have been moving to the interior, with solid economic returns.

While still modest, Chinese investment in ASEAN has grown rapidly in recent years. As of late 1993, there was a total of 245 Chinese-funded enterprises in ASEAN with a combined contracted investment of \$248 million, of which \$99.349 million has actually been invested. Thailand is the top recipient of Chinese investment dollars, which now can be found in the tertiary industry as well as the primary and secondary industries. The Bank of China, for instance, has opened a branch in Bangkok and the Guangzhou People's Insurance Company has established a joint venture—Thaihua Insurance Company—with Thai interests.

### C. Analysis of Prospects

Both China and ASEAN member nations have embarked on reform and opened up their countries in recent years, which has greatly boosted the development of bilateral economic relations and trade. By and large, however, China's investment in and trade with ASEAN do not play a major role in China's total for-

eign trade, and the reverse is equally true. In 1993 and 1994, China's trade with ASEAN made up just 5.4 percent and 5.6 percent, respectively, of its total foreign trade, while ASEAN's trade with China constituted a minuscule share of its total foreign trade. In 1994, for instance, Singapore ranked 12th among the world's top trading nations, up from the 14th spot, with imports and exports amounting to \$199 billion. Yet its trade with China made up a mere 2.5 percent of its total foreign trade. Obviously this is not commensurate with the two sides' level of economic development and mutual needs. What it shows is that there is enormous development potential and the future prospects look bright.

At a time when economic cooperation in the Asia-Pacific region is both active and fluid, developing at all levels in a crisscross pattern, both China and ASEAN play a pivotal role. To begin with, China and ASEAN boast the fastest growing economies in Asia. It is foreseeable that both will be key players not only in the regional economy but also in the Asia-Pacific and even the global economy by the early part of the next century. Moreover, China and ASEAN are both examples of successful sub-regional economic cooperation. In contrast to the loosely structured APEC or the East Asia economic community, whose birth is not very likely, there is now extensive trade and economic cooperation within ASEAN. As for the China economic zone, consisting of the mainland, Taiwan, Hong Kong, and Macao, it will essentially become a reality around the year 2000.

Both China and ASEAN fully support the idea of putting bilateral trade and economic cooperation within the APEC framework. China has participated enthusiastically in the APEC process and advocates the orderly and gradual realization of trade and investment liberalization in the region provided that it takes place within

a framework of open regional cooperation, that the principles, incrementalism, and voluntary participation are observed, and that social stability is ensured. Its position can be summed up with the following five principles: "Mutual respect and coordination; orderly progress and steady development; mutual opening and non-exclusion; wide-ranging cooperation and mutual benefit; bridging the gap and common prosperity."

There are obstacles to the development of economic relations and trade between China and ASEAN, most of them inherited from history. Under the guidance of the China-proposed principle of "setting aside disputes and developing cooperatively," bilateral trade and economic relations have made significant progress in recent years.

But there are also barriers that are economic in nature. Similar in many ways in their level of economic development, product mix, and industrial structure, China and ASEAN member nations cannot but have to compete with one another for markets and foreign investment even as they cooperate.

All in all, the development of Sino-ASEAN economic and trade cooperation, whether within the APEC framework or as East Asian economic cooperation, is mutually beneficial. We should grasp the favorable opportunity existing now to push bilateral trade and economic cooperation to new heights.



**East Region****PRC: Lu Rongjing Elected Anhui CPPCC Chairman**

OW1302060796 Beijing XINHUA Domestic Service  
in Chinese 0758 GMT 9 Feb 96

[FBIS Translated Text] Hefei, 9 Feb (XINHUA) — Lu Rongjing was elected chairman of the Anhui Provincial Chinese People's Political Consultative Conference [CPPCC] at the Fourth Session of the Seventh Anhui Provincial CPPCC today. Lu Rongjing is a member of the CPC Central Committee and currently secretary of the Anhui CPC Committee.

**PRC: Anhui 1995 Economic, Social Development Bulletin**

OW1302100296 Hefei ANHUI RIBAO in Chinese  
30 Jan 96 p 2

["Statistical Bulletin Issued by the Anhui Provincial Statistical Bureau on Economic and Social Development in 1995" — ANHUI RIBAO headline]

[FBIS Translated Text] The last year of the Eighth Five-Year Plan was 1995. In the past year, under the leadership of the provincial party committee and the provincial government, all the people across Anhui conscientiously implemented the guidelines of the Fourth and Fifth Plenary Sessions of the 14th CPC Central Committee and the Sixth Anhui Provincial Party Congress. Positive successes were achieved in carrying out macroeconomic regulation and control; overall economic operations showed a rapid growth tendency amid steady operations; the people's living standards improved noticeably; various social undertakings developed further; and comprehensive economic strength showed marked improvement. All the main targets set by the Eighth Five-Year Plan formulated by the provincial government were attained. They laid a solid foundation for Anhui to promote economic development to a new level in the period of the Ninth Five-Year Plan. According to a preliminary calculation, Anhui's gross domestic product [GDP] was estimated to increase 16 percent from the previous year to reach 205 billion yuan in 1995, posting an economic growth rate of 15 percent and more for four years in a row and placing Anhui in the front rank of all the provinces, municipalities, and regions in China in terms of economic growth. Tertiary industry churned out an added value of 48.2 billion yuan, or 23.5 percent of the GDP figure, up 9.5 percent from the previous year. Major problems in economic operations still exist: the agricultural base is still relatively weak; enterprises' economic returns remain to be further improved; and so forth.

**I. Agriculture**

In 1995, governments at all levels in Anhui attached great importance to agricultural production; they placed development of agricultural production as well as rural economy at the top of the agenda and increased input into the agricultural sector; the agricultural sector reaped a bumper harvest even though areas along the Chang Jiang were flooded and the areas between Chang Jiang and Huai He afflicted by drought; Anhui enjoyed the best agricultural development in more than a decade. For the whole year, agriculture, forestry, animal husbandry, and fisheries churned out an estimated added value of 54.3 billion yuan, posting an increase of 13.5 percent over the previous year and accounting for 26.5 percent of the GDP, making 1995 the year in which Anhui enjoyed the most rapid normal economic growth rate in more than a decade.

Production of major agricultural products, such as grain, cotton, oil crops, meat, and aquatic products, set record highs. Output of grain, cotton, and oil crops for the whole year totaled 26,527,000 tonnes, 300,000 tonnes, and 1,918,000 tonnes respectively, posting increases of 12.3 percent, 16.2 percent, and 24.1 percent respectively over the previous year. Worth mentioning here is the fact that both Anhui's agricultural production and the net increase in the output of oil crops and aquatic products set record highs in 1995. The bumper harvest of all agricultural products expedited comprehensive development of the rural economy; provided urban and rural markets with ample commodities; helped peasants increase income; and played an active role in checking price hikes and maintaining sustained, rapid, and steady national economic development [bao chi guo min jing ji chi xu kuai su wen ding fa zhan 0202 2170 0948 3046 4842 3444 2170 4958 1816 6643 4489 1353 4099 1455].

Output of major agricultural products:

	1995	Increase or decrease from previous year
	tonnes	percent
grain	26,527,000	12.3
cotton	300,000	16.2
oil crops	1,918,000	24.1
rapeseed among oil crops	1,416,000	35.9
silkworm cocoon	43,000	3.7

	1995	increase or decrease from previous year
tea	40,000	-17.9
fruits	530,000	22.2

**Major animal husbandry products, their output, and amount of livestock on hand are as follows:**

	1995	percent increase from previous year
total meat output	1,900,000 tonnes	9.8
pork, beef, and mutton	1,600,000 tonnes	13.2
among total meat output		
milk	27,000 tonnes	8.0
number of butchered pigs	15,116,000 heads	6.3
number of pigs at year-end	15,156,000 heads	2.5
number of lambs at year-end	5,696,000 heads	22.4
number of big livestock at year-end	7,077,000 heads	10.1

Fishery production continued to maintain a good momentum of rapid development. As of the end of 1995, Anhui's aquatic farm area had increased 36,800 hectares from the previous year to reach 496,800 hectares. Total output of aquatic products increased 50 percent from the previous year to reach 750,000 tonnes for the whole year.

Conditions for agricultural production were further improved. At the end of 1995, Anhui's total power of farm machinery reached 18.525 million kilowatts (KW), up 10 percent from the same period of last year; there were 881,000 small hand tractors and 33,000 trucks, up 11.7 percent and 6.4 percent respectively from the same period of last year; total power of irrigation machinery reached 3,909,000 KW, up 5.9 percent from the same period of last year; and the total quantity of chemical fertilizers applied in the whole year reached 2.01 million tonnes (converted to net quantity), up 6 percent from the previous year. Construction of more water conservancy works was carried out on farmland and the effectively irrigated area continued to expand.

In 1995, Anhui continued to enjoy comprehensive development of the rural economy; the output value of village and town enterprises maintained rapid growth; and the proportions captured by such nonagricultural sectors as industry, building trades, transportation and commerce, and catering trade in the rural economy further increased.

**II. Industry and Building Trade**

In 1995, Anhui continued to intensify reform of enterprises, vigorously readjust industrial structure and product mix, and increase input into enterprises' technical transformation projects. Under the appropriately tightened financial and monetary policies, industrial production continued to maintain a momentum of relatively rapid growth amid a steady decrease in growth rate. In the whole year, the industrial sector churned out an added value of 94.9 billion yuan, posting a growth rate of 21.2 percent from the previous year and accounting for 46.3 percent of the GDP.

Output of most major industrial products enjoyed growth to varying degrees. More than 80 percent of industrial products met the requirements of the "Eighth Five-Year" Plan.

	1995	increase or decrease from previous year
		percent
yarn	226,500 tonnes	6.0
cloth	755,000,000 meters	-9.4
machine-made paper and cardboard	819,500 tonnes	37.6
cigarette	1,938,400 cartons	2.4
synthetic detergent	143,600 tonnes	3.9
TV set	737,500 sets	-24.0
household refrigerator	1,502,100 sets	23.7
household washing machine	1,247,100 sets	50.1
raw coal	43,198,500 tonnes	6.6
electric energy production	30,527,000,000 KW-hour	2.3
steel	3,221,300 tonnes	3.6
steel products (finished products)	2,579,400 tonnes	-5.8

	1995	Increase or decrease from previous year
10 nonferrous metals	108,800 tonnes	12.5
cement	19,767,300 tonnes	20.5
sulphuric acid	1,285,900 tonnes	14.0
soda ash	88,900 tonnes	2.4
chemical fertilizers (converted to net quantity)	1,454,200 tonnes	-25.8
chemical pesticide	8,272.70 tonnes	46.4
metal cutting machine tool	5,934 units	-6.3
automobile	30,179 cars	-19.1

In 1995, the composite index of economic returns of industrial enterprises subject to independent accounting was 86.75. That figure includes sales of industrial products, 94.19 percent; rate of profits and taxes yielded by funds, 9.48 percent; cost-profit ratio, 2.25 percent; circulating funds turnover, 1.72; industrial added value rate, 28.69 percent; and all-personnel labor productivity (calculated on the basis of added value) 11,546 yuan per person. However, some enterprises still suffered relatively serious losses. The level of overall economic return of industrial enterprises remains to be further improved.

The building trade developed rapidly. In 1995, along with deepening of reform in the building trade, construction enterprises continued to expand operations. The value added of construction was 7.6 billion yuan for the year, topping the previous year by 10 percent and accounting for 3.7 percent of the province's gross domestic product. The total floor space of buildings under construction by state-owned enterprises was 3.818 million square meters, up 20.6 percent; and construction quality also improved.

Progress was achieved in geological prospecting. The geological surveying department completed a total of 69,000 meters of machine drilling and 5,792 square km of regional surveys drawn on a scale of 1:5,000. Increased reserves of three minerals were verified. Work in terms of 400 million yuan was completed in 1995, up 20 percent, and the value added was 130 million yuan.

### III. Investment in Fixed Assets

In 1995, investment continued to grow on an appropriate scale, and investment structure improved. Total

investment in fixed assets in Anhui was 46.597 billion yuan (excluding investments in real estate and housing development), increasing by 23.8 percent over the previous year. Of this total, investment by state-owned units was 27.35 billion yuan, up 26.2 percent. The investment structure was rationalized. Investment in capital construction was 16.65 billion yuan, up 25.6 percent. Investment in technical innovations and transformations, unlike the stagnation witnessed in the previous year, increased rapidly, with a total of 9.42 billion yuan, or 27.6 percent more than 1994, invested; and the growth rate was 11 percent more than the previous year and 2 percent more than the growth of investment in capital construction during the same year.

Investment in key construction projects increased at a faster pace. In 1995, Anhui's investment was concentrated on agricultural and forestry irrigation facilities, energy, raw and semi-finished materials, and other basic industries. Key capital construction projects listed in the state and provincial plans numbered 30, with a total of 7.48 billion yuan investment, or 20.6 percent more than 1994. A large number of infrastructure projects and technical innovation and transformation projects were completed or nearly completed. The main ones include the following: the 326-km Hejiu railway; 97-km double tracking of the Fuhuai Railway; 112-km double tracking of the Shangfu Railway; the 56-km Fujiu Railway; the Fuyang communications center; the new Hefei bus terminal; the Anqing vinyl cyanide/acrylic fibers project (vinyl cyanide 50,000 tonnes and acrylic fibers 50,000 tonnes); the Tongling Chang Jiang Bridge; the Yuan Building; the Anhui University administrative building; Maanshan No. 2 Power Plant's 300,000-kw generating unit; and Xiangshan Pyrite's 1.8 million tonne annual mining capacity. In addition, the following were basically completed or put into operation: the Taoyuan coal mine's 900,000 tonne annual mining capacity; the Renlou coal mine's 1.5 million tonne annual mining capacity; the Xiaqiao coal mine's 4 million tonne annual mining capacity; the Dalong section of National Highway 312; first-stage construction of the Hefei-Chaohu-Wuhu highway; and the Suxian synthetic detergent plant's 30,000 tonne alcohol project. These projects further improved the investment environment and built up stamina for further economic development, laying a solid foundation for comprehensive implementation of the Ninth Five-Year Plan.

### IV. Transport, Posts and Telecommunications

Communications and transportation continued to grow, with new headway in posts and telecommunications. The value added of the sector in 1995 was 9 billion yuan, 8.5 percent more than the previous year.



	1995	percentage increase over 1994
Volume of freight transport	20.93 billion tonnes-km	26.4
Including:		
Highways	6.02 billion tonnes-km	4.4
Waterways	14.91 billion tonnes-km	33.7
Volume of passenger transport	8.83 billion person/km	-16.2
Including:		
Highways	8.78 billion person/km	-16.2
Waterways	0.05 billion person/km	0

Total business transactions of post and telecommunications services in 1995 amounted to 2.261 billion yuan, or 45.3 percent more than the previous year. Of this total, transactions of central state-run businesses were 2.067 billion yuan, up 43.3 percent; and those of local state-run businesses were 0.194 billion yuan, up 71.3 percent. The volume of international services and services to Hong Kong and Macao totaled 88.34 million yuan, and the volume of transactions in special and express delivery, radio paging, and cellular telephones increased 67.9 percent, 93.3 percent, and 165 percent respectively. Long-distance and private telephone service developed rapidly. By the end of 1995, there was a total of 1,029,600 telephones in urban areas and 210,800 telephones in rural areas, up 42.8 percent and 94 percent from the same period of 1994.

#### V. Domestic Trade and Market Prices

In 1995, the provincial market basically overcame stagnation and underwent a noticeable change. The supply of commodities was ample, and the retail market thrived. The total value added of commerce and food catering was 14.4 billion yuan, an increase of 13 percent over the previous year; total retail sales of consumer goods was 60 billion yuan, up 32.3 percent from 1994, and the real growth was 17.4 percent after deducting price hikes. Of this total, sales in cities reached 28.69 billion yuan, up 35.7 percent; and in counties and localities below the county level were 13.73 billion yuan and 17.54 billion yuan respectively, growing by 35.2 percent and 25 percent.

Retail sales grew in all economic sectors. The volume of retail sales by state-owned units, collective units, and

individual units increased 32.7 percent, 28 percent, and 29.9 percent respectively; and the volume of sales by farmers to non-agricultural residents grew 41.5 percent. In food sales, grain increased 2.1 percent; edible vegetable oils, 4.2 percent; and eggs, 13.7 percent. In clothing sales, the volume of garments rose by 2.4 percent. In sales of commodities for daily use, the number of color TV sets increased 26.1 percent; refrigerators, 29 percent; washing machines, 26.8 percent; and household air conditioners and ventilation fans, by wide margins.

In 1995, Anhui saw big changes in its circulation system and structure, and supply and demand in the market for production means basically remained balanced. Despite increasingly fierce competition in the materials market, the market for production means was stable. Material supply departments throughout the province bought a total of 13.32 billion yuan worth materials, an increase of 7.3 percent from 1994, and sold materials of various kinds worth 14.29 billion yuan, up 5.8 percent.

Last year, the state regarded curbing inflation as the most important task of macroeconomic regulation and control. Anhui conscientiously implemented the relevant state principles and policies and adopted effective and feasible measures to control inflation, thereby bringing about marked changes in the price situation: First, the margin of price increases generally decreased each month; second, the provincial government's price control targets were successfully fulfilled; and third, the margin of price increases was lower than the national average. In 1995, retail prices increased 12.7 percent, or 10.6 percentage points less than in 1994. Prices of grains and vegetables, which are closely related to the people's livelihood, were brought under control initially.

Increase in prices in 1995 over 1994 (percentage)	
1. Consumer prices	14.8
Including:	
Cities and towns	15.9
Rural areas	13.7 2.
Retail prices of commodities	12.7
Including:	
Food	20.8
Clothes, shoes, and hats	14.7
Chinese and Western medicine	9.7
Books, newspapers, and magazines	15.6

1. Consumer prices	14.8
Articles for daily use	7.8
Jewelry	-0.7
Construction and decoration materials	8.8
Drinks, cigarettes, and liquor	5.7
Textile products	14.4
Cosmetics	9.0
Cultural and sports goods	8.5
Household electric appliances	1.4
Fuels	6.3
Machinery and electric products	-1.2
3. Purchase price of energy and raw materials	17.9
4. Factory prices of manufactured goods	17.1
5. Purchase price of farm and sideline products	19.0

## VI. Foreign Economic Relations

In 1995, foreign trade and economic relations departments at all levels in Anhui actively implemented the provincial party committee and government's strategy for promoting an export-oriented economy and adopted various measures to increase foreign trade export, thereby increasing the total volume of exports and imports. The two-way trade volume reached \$2.31 billion, an increase of 24.8 percent from the previous year. Of this, the volume of exports was \$1.58 billion, up 23.6 percent; and imports, \$0.730 billion, up 27.6 percent. The export product mix was further improved, with the ratio of primary products to manufactured goods dropping to 17:83 from 22:78 in 1994. Exports by Sino-foreign joint ventures, Sino-foreign joint cooperative ventures, and solely foreign-funded enterprises increased by a big margin, with the total volume of exports reaching \$180 million, up 43.4 percent and their portion in the total volume of exports rising to 11.4 percent from 9.8 percent in 1994. Exports of technology-intensive and high value-added products increased rapidly.

## PRC: Zhejiang Holds Financial Work Conference 28 Jan

OW1302003496 Hangzhou ZHEJIANG RIBAO  
in Chinese 29 Jan 96 pp 1, 3

[By correspondent Zhou Lixin (0719 4539 2450) and reporter Jiang Weiyang (5592 5898 7122)]

[FBIS Translated Text] Hangzhou, 28 Jan (ZHEJIANG RIBAO)—The provincial financial work conference was held in Hangzhou today. Provincial Party Secretary Li Zemin, Deputy Provincial Party Secretary and Governor Wan Xueyuan, Executive Vice Governor Chai Songyue, and Yang Bin, vice chairman of the standing committee of the provincial people's congress, attended the meeting. Li Zemin, Wan Xueyuan, and Chai Songyue made remarks respectively.

The provincial party committee and the provincial government fully affirmed the results in financial work last year. Li Zemin said: Our province's national economy could not have achieved sustained, rapid, and healthy development last year without the strong support of financial work, the effective coordination of financial departments, and the hard work of vast numbers of financial cadres and staff and workers. Wan Xueyuan pointed out: Financial departments have played a positive role and made great contributions to Zhejiang's economic development in these years.

Li Zemin stressed: Leaders of all levels of party committees and governments must attach great importance to financial work. Key leaders, chiefs in particular, must know more about finance, be familiar with the financial policies and decrees, pay attention to, show concern and understanding for, and extend support to the work of financial departments. Second, it is necessary to have a good grasp of the guiding ideology of financial work. The party's basic line must be conscientiously implemented and the financial work must serve the center of economic construction as well as local economic development; The central authorities' financial policies must be conscientiously enforced and the moderately tight monetary policy be steadfastly implemented in light of Zhejiang's actual conditions and with an appropriate degree of regulation and control. Efforts must be made to transform the financial system and the mode of credit funding management by centering on the two fundamental changes; and to cope with such current problems as scattered and idle funds and capital loss, it is necessary to make good use of the funds in stock, to optimize the amount of increment, to tap the potential of funds, and to improve the benefit of capital used. As far as the supply of credit funds is concerned, it is necessary to adhere to the principle of supporting the best qualified; and funds must be amassed to meet the key needs of

economic development. Third, we must vigorously and safely reform the financial system and strive to invigorate financial business. Fourth, we must strictly enforce the financial policies and decrees and straighten out the financial order. Fifth, we must accomplish the building of banking groups and transfer outstanding cadres with both ability and political integrity to leading posts of financial departments. We must also strengthen ideological and political building and pay attention to education on professional ethics which stress hard work and honesty and on the building of professional conduct and images.

Wan Xueyuan urged financial departments to amass funds to meet the key needs of the whole province's economic construction and social development and, by centering on the two fundamental changes, to deepen the reform of the financial system, to strive to improve the quality and benefit of credit, to conscientiously strengthen financial supervision, and to maintain the financial order. Wan Xueyuan stressed that all levels of governments must show concern for the reform of the financial system and facilitate the fundamental changes in the economic system and the mode of economic growth by reforming the financial system. Government departments concerned must take the initiative in vigorously and promptly providing accurate economic information to financial departments.

Speaking on behalf of the provincial party committee and the provincial government, Chai Songyue set clear demands on our province's financial work this year: 1. In the course of seriously implementing the moderately tight monetary policy, we must always adhere to the guiding ideology of making finance serve economic construction and give full play to the supporting role of finance in the economy. He said: The implementation of the moderately tight monetary policy accords with our province's actual conditions, and we must have a complete and correct understanding of the policy and carry it out conscientiously. Financial departments must make good use of credit, rationally adjust the structure of credit, deal with the problem of scattered funds, and improve the allocation efficiency of funds. We must adhere to the principle of supporting the best qualified and imposing restrictions on the poor ones and amassing funds to preserve the key sectors and must never extend loans to low-grade repetitive construction projects and projects not in line with the state's industrial policy. We must ensure the supply of funds for procuring farm and sideline products and for meeting the funding needs of key construction and technological transformation projects and the supply of circulating funds for normal production in enterprises with marketable goods and fine economic benefits. We must give priority to meeting the

funding needs of enterprises engaging in foreign trade, export production and processing.

2. We must accelerate the pace of reform to strive to realize the two transformations in finance. All specialized banks must accelerate the pace of commercialized reform, vigorously and safely rearrange their branches and business networks, strengthen their internal administration, and constantly improve their business management standard and economic benefit. Marked progress must be made in the reform of rural credit cooperatives. In addition, we must do a good job in establishing urban cooperative banks in the two cities of Hangzhou and Nanjing, in opening up our financial business to the outside world, and in diversifying the People's Insurance Company's business. 3. We must conscientiously strengthen financial supervision and maintain the financial order. Various localities and departments must seriously implement the Provincial People's Bank's report on strengthening financial supervision and maintaining the financial order, which was ratified and reissued by the provincial government by the end of last year. 4. Further efforts must be made to strengthen the building of the financial contingent and to accomplish the "three preventions and one guarantee" [san fang yi bao]. We must enhance ideological and political education and education on professional ethics; take concrete steps to improve the standard of implementing policies and running business among cadres and staff and workers as well as improving their working abilities. We must also upgrade the quality of financial services. 5. Relevant government departments must understand and support financial departments so as to advance our province's financial work to a new stage. All levels of government departments must further understand the important role of finance in macroeconomic regulation and control, extend support to financial reform, help harmonize the transformation of the financial system and settle relevant issues; conscientiously observe financial laws and decrees, support the People's Bank in strengthening financial supervision, and maintain the lawful and steady operation of financial enterprises.

Xie Qingjian, governor of the Provincial People's Bank, made a financial work report, in which the key tasks and basic objectives of our province's financial work in 1996 were proposed and concrete work plans were set.

More than 1,200 people attended the meeting, including mayors and commissioners from various city and prefecture governments who are in charge of financial work and presidents and managers of the financial institutions at the provincial, city, and county levels. Leaders of 31 provincial-level departments and bureaus concerned attended the meeting upon invitation.



**PRC: Zhejiang Plans New Container Terminals for Ningbo***OW1202092996 Beijing XINHUA in English  
0853 GMT 12 Feb 96*

[FBIS Transcribed Text] Shanghai, February 12 (XINHUA) — Four large international container wharves are planned for the deep-water port at Beilun in this coastal city of Ningbo in east China's Zhejiang Province.

The project is on the state's Ninth Five-Year-Plan (1996-2000) and will bring the port's annual handling capacity of containers to one million TEUs, according to Sun Yanbiao, vice-mayor of Ningbo.

Beilun boasts several of the country's largest berths for bulk carriers as well as wharves for the third and fourth generation of container ships.

Last year, the port accommodated a 300,000-dwt bulk carrier for mineral ore and a 300,000-dwt oil tanker from overseas.

"Focus of the construction in the coming five years will be on the container terminals," Sun explained.

Over seven billion yuan (843.3 million US dollars) has been put into construction work over the past several years on the 110-square-km port area, including port facilities, an economic and technological development zone and a bonded zone.

**Central-South Region****PRC: Guangdong Government Work Report Excerpted***OW1202143696 Guangzhou NANFANG RIBAO  
in Chinese 3 Feb 96 p 1*

["Excerpts of Guangdong Provincial Government's Work Report"]

**[FBIS Translated Text] Sustained, Rapid, and Healthy Development of National Economy**

The "Government Work Report" delivered by Governor Zhu Senlin sums up this province's economic work in 1995 and says: In 1995, the last year of the Eighth Five-Year Plan, all tasks specified by the Eighth Five-Year Plan adopted by the fourth session of the Seventh Provincial People's Congress were overfulfilled, and the economy in the whole province maintained the momentum of sustained, rapid, and healthy development.

Zhu Senlin said: Last year, this province's gross domestic product (GDP) reached 544 billion yuan, or increased by 15 percent over the previous year; the growth rate was 6.5 percent higher than in the Seventh Five-Year Plan. In 1995, the per capita GDP was 8,020 yuan, an increase of 13.5 percent over the previous year. In

the past five years, the average annual growth rate was 16.9 percent. Last year, 3,3683 million hectares of fields were grown with grain crops, or 62,200 hectares more than that in the previous year; the total grain output was 18,002 million tonnes, increasing by 1,376 million tonnes; good harvests were reaped in spring, summer, and autumn, with the per mu yield reaching the all-time high of 356 kilograms. In 1995, the province's total agricultural output value was 145 billion yuan, an increase of 6 percent over the previous year. The average annual growth rate in the past five years was 5.3 percent. The rate of commodity production in agriculture increased to 72 percent from 67 percent five years ago. The province's total industrial output value was 933 billion yuan, an increase of 25 percent over the previous year. The average annual growth rate in industrial production during the Eighth Five-Year Plan was 32.5 percent. The volume of transportation, power generation, and postal-telecommunications service also increased continuously. In the Eighth Five-Year Plan, investment in fixed assets totalled 759.09 billion yuan, an average annual increase of 45.4 percent. Fixed assets of state-owned enterprises and institutions increased by more than 200 billion yuan, 1.8 times the additional fixed assets in the Seventh Five-Year Plan. A large portion of such investment was made in infrastructure and basic industries. In the whole province, 220 large and medium-sized projects were completed, 103 more than in the Seventh Five-Year Plan. During the last five years, Guangdong made most investment in infrastructural facilities and achieved the fastest and best results in optimizing the industrial structure.

Last year, this province made great efforts to broaden and diversify international markets, and the gross volume of foreign trade reached \$104 billion. In the Eighth Five-Year Plan, the gross volume of imports and exports reached \$397.2 billion, 170 percent over that in the Seventh Five-Year Plan. At the same time, the amount of foreign funds actually used increased to \$12.1 billion in 1995 from \$2.02 billion in 1990. The cumulative total for the last five years reached \$40.6 billion, and the average annual increase rate was 43 percent. The number of foreign-funded enterprises in the whole province increased to 59,000, of which 47,000 were set up in the Eighth Five-Year Plan.

In addition, urban and rural markets in this province continued to be brisk last year. Tertiary industry grew more rapidly, a balance was kept between revenue and expenditure, and the financial situation remained stable. Local economies developed at a quicker pace in various characteristics. In the whole province, in 1995, the peasants' per capita income reached 2,699 yuan, and that of urban residents reached 6,849 yuan, respectively

517 yuan and 972 yuan more than in the previous year. So far, 22 counties (cities, districts) have reached the level of being comparatively well-off.

#### **New Progress in the Building of Spiritual Civilization**

In his "Government Work Report," Governor Zhu Senlin said that the governments at all levels in this province constantly pursued the principle of simultaneously promoting both material and spiritual civilization, and more effective work was done in the building of spiritual civilization.

He said: Last year, a batch of patriotic education bases were set up in this province; publicity was given to a number of model individuals, including Han Suyun and Yao Cixian, who behaved impressively in supporting the Army and loving the motherland; elaborate work was done to create a batch of cultural works with major influence on society — such activities as "singing 100 songs to eulogize China," "reading 100 good books," and "projecting 100 good movies" were carried out to promote patriotic education. Vigorous activities of building spiritual civilization were carried out among the masses on the basis of their initiative and creativity. By the end of last year, 46,000 villages and towns, 4.85 million households, 25,000 institutions, and 1,700 urban neighborhoods were named communities with good conditions of law and order and healthy public conduct. In the last five years, provincial-level awards were given to 1,013 scientific and technological projects. At the same time, 98 projects won state-level awards; 779 "Spark" projects and 456 "Torch" projects for promoting application of scientific achievements and new technologies were launched; 170 research projects achieved successful results acknowledged by experts after examination. In addition, six state-level and three provincial-level development zones for industries with high and new technologies were set up; and a high-tech industrial belt took shape in the Zhu Jiang Delta area. The proportion of economic growth attributed to scientific and technological growth was raised from 31 percent in 1990 to 39 percent in 1995. In this province, 106 counties (cities, districts) have been conducting nine-year compulsory education for all children of school age. Education for preschool children and special education also made substantial progress. The number of students in universities and colleges increased from 183,000 in 1990 to 287,000 in 1995.

New results were achieved in social science studies. A research project on "Deng Xiaoping's theory and Guangdong's practice" and theoretical and practical studies of the socialist market economy achieved influential academic results and played a positive role.

Cultural activities of the masses were brisk; more public libraries and museums were set up, and the cultural market developed rapidly. Mass media, publications, radio and television broadcasting, and movies all played a positive role in guiding public opinion and encouraging the masses.

#### **Ninth Five-Year Plan: Grand Blueprint Showing Clear Goals**

Zhu Senlin's "Government Work Report" puts forth the general objectives for economic development in this province during the Ninth Five-Year Plan. He pointed out: The next five years will be a crucial period in the process of modernization in this province, and the general objective in this period is to increase the province's GDP by eight times that of 1980 by the end of this century; to eliminate poverty; to realize for all people living conditions of being better off and raising the living standards of the people in some areas to the level of being well-to-do. In the Ninth Five-Year Plan, the province's GDP will increase by an average annual rate of 11 percent; total industrial and agricultural output value will increase by an average annual rate of 14.2 percent, with industrial production growing at a rate of 15 percent and agricultural production at 5 percent; annual growth of investment in fixed assets will be kept at around 33 percent.

Zhu Senlin said: In order to achieve the above-mentioned targets, efforts must be made to effect the two fundamental changes in the period of the Ninth Five-Year Plan — that is, changing from the traditional planned economic structure to the socialist market structure and changing from extensive growth to intensive growth. Reforms in all fields should be advanced through changes in concepts and thinking methods. Primary industry should be consolidated and enhanced; secondary industry should be adjusted and optimized; and tertiary industry should be developed comprehensively. By the end of the Ninth Five-Year Plan, gross grain output will top 19 million tonnes; and substantial growth will also occur in other fields of cropping and animal farming, forestry, fishery, and rural industry. Most counties (cities, districts) will reach the standard set for rural areas by provincial authorities for being comparatively well-off. A better foundation will be laid in the three key fields — namely agriculture, infrastructure, and science-technology education. Through effective policy support and the increased financial and material input, agriculture will be further strengthened and the rural economy developed comprehensively, with a higher degree of modernization in agriculture. Construction of infrastructure should be further strengthened, and a batch of large-

scale, good-quality, high-level water control, energy, transportation, and telecommunications facilities will be constructed according to modern standards. The strategy of invigorating the nation through science and education will be carried out earnestly, and the status of education as the foundation for national development will be strengthened. Input to science, technology, and education will be increased. Personnel engaged in science, technology, and education will be increased, too. Commodity circulation and trade will be enlivened by building large market networks at a quicker pace. The building of two civilizations will be promoted, and the material and cultural lives of the people will improve at the same time. While making efforts to promote economic construction, constant effort will also be made to arm the minds of cadres and the masses with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. Citizens with lofty ideals, moral integrity, good education, and a strong sense of discipline will be brought up. The ideological and moral quality as well as the general education of all people in this province will be raised. By the year 2000, running water will reach 98 percent of urban households, and gas fuel will reach 80 percent of urban households; per capita floor space will reach 12 square meters for urban housing and 18 square meters for rural residents. The per capita income of urban residents will reach 9,600 yuan and increase by an average annual rate of 7 percent; the net per capita income of peasants will reach 3,530 yuan and increase by an average annual rate of 5.5 percent.

**PRC: Guangdong Reports on 8th Plan Development**

*OW1302073796 Beijing XINHUA in English  
0631 GMT 13 Feb 96*

[FBIS Transcribed Text] Guangzhou, February 13 (XINHUA) — South China's Guangdong Province achieved a sustained and rapid economic development during the Eighth Five-Year Plan period (1991-1995).

In 1995 the gross domestic product (GDP) of Guangdong reached 544 billion yuan (about 65.5 billion U.S. dollars), 1.4 times the 1990 figure, increasing by an average rate of 19 percent a year, a provincial government official said.

Last year, per capita GDP averaged 8,020 yuan (966.3 US dollars), 1.2 times 1990's figure. At the same time, the annual net income of rural residents rose to 2,699 yuan while that of urbanites amounts to 6,849 yuan.

Thanks to rationalization of the economic structure, the proportions of Guangdong's agriculture, industry and service trades are getting more rational.

The province harvested 18 million tons of grain crops last year, 1.4 million tons more than the previous year's figure. The industrial output value registered a sustained high growth rate over the past five years, with the figure reaching 933 billion yuan in 1995.

Service industries also made remarkable progress. The provincial retail sales totalled 230 billion yuan-worth last year. The import and export value exceeded 100 billion US dollars for the first time in history.

Meanwhile, the investment pattern was readjusted and the investment scale was well controlled. More funds flowed into basic industries and infrastructure during the 1991-1995 period.

In the same period the province built 220 large or medium-sized key projects, increased the length of highway and railway lines and helped more households get access to telephone.

The number of poverty-stricken people in Guangdong has declined from four million in 1990 to 800,000 in 1995.

**PRC: Guangdong Restricts Land Use by Nonfarm Sector**

*OW1302084496 Beijing XINHUA in English  
0815 GMT 13 Feb 96*

[FBIS Transcribed Text] Guangzhou, February 13 (XINHUA) — Guangdong Province in south China has achieved remarkable results in restricting use by non-farm sectors, which fell by one fourth in 1995 as compared with the previous year.

According to the provincial land administration department, the land areas for non-farm use totalled 16,400 ha in 1995, of which, some 7,900 ha was arable land, accounting for only 50 and 60 percent, respectively, of the yearly quota for land use in 1995.

The provincial source said that to strictly curb land use by non-farm sectors, Guangdong worked out a general plan in 1993, confining the annual land use by non-farm sectors within 33,300 ha, including 16,600 ha of arable land.

Under the plan, the land areas allowed for real estate and development zones should be kept within 25 percent of the annual land use.

Meanwhile, land-use for luxury villas and buildings has been put under even stricter control, allowing only 20 percent of the available land for the real estate sector.

Officials from the provincial land administration department said that the province encourages land use for developing infrastructure facilities such as transportation, energy resources, water-control projects and municipal works.



In 1995 the land areas allotted for infrastructure facilities in the province accounted for 32 percent of the total available.

**PRC: Hainan To Target Ethnic Area Economic Development**

*OW1302075996 Beijing XINHUA in English*  
*0720 GMT 13 Feb 96*

[FBIS Transcribed Text] Haikou, February 13 (XINHUA) — South China's Hainan Province has pledged to invest more to help boost the economy in areas where ethnic-minority people live in compact communities.

A provincial official noted that the province will build a number of major capital projects in these areas.

Included will be the first-phase project of the Meishan Port, a highway, two reservoirs, irrigation facilities, two power projects, the second phase of a chemical fertilizer plant, a cement plant and an oil refinery, as well as markets.

By the end of this century all people in poor areas will be able to drink clean water, and bus services and electricity will be available to 80 percent of the rural households.

Hainan is China's largest special economic zone and its economy is developing more rapidly than other places.

Hainan spent 170 million yuan on building water-control, highway, drinking water and electricity substation facilities last year.

**Southwest Region**

**PRC: Song Baorui Elected Sichuan Governor**

*OW1202120796 Beijing XINHUA in English*  
*1150 GMT 12 Feb 96*

[FBIS Transcribed Text] Chengdu, February 12 (XINHUA) — Song Baorui was recently elected as governor of China's populous Sichuan Province by the Sichuan Provincial People's Congress.

The fourth session of the Eighth Sichuan Provincial People's Congress also passed a resolution accepting the resignation of Xiao Yang as governor of the province.

**PRC: Tibet People's Congress Standing Committee Opens**

*OW1302024496 Lhasa Tibet People's Radio Network*  
*in Mandarin 1400 GMT 5 Feb 96*

[FBIS Translated Text] The 18th meeting of the sixth Tibet autonomous region people's congress standing committee opened on 5 February in Lhasa. Puqung, executive vice chairman of the regional people's congress, presided over the meeting. Pudoje, Sanding Doje Pamo Deqinquezhen, Gong Daxi, and Yongzhonggawa

attended the meeting and were seen seated on the rostrum.

Of the 41 deputies, 23 attended, thus meeting the quorum. Yang Chuantang, deputy secretary of the autonomous regional CPC committee and executive vice chairman of the autonomous regional people's government, attended the meeting as an observer.

The meeting's major agenda is as follows: First, examine the draft resolution on convening the fourth session of the sixth Tibet regional autonomous people's congress. Second, discuss draft work report of the sixth regional people's congress standing committee. Third, hear report on the implementation of and check on the procedures of the law on the management of pharmaceutical products of the People's Republic of China. Fourth, hear report on the enforcement of the laws on resources and environment protection. Fifth, hear briefing on the second five-year plan on the law popularization education. Sixth, hear report on the handling of the examination views aired at the 16th meeting of the sixth people's congress standing committee. Seventh, examine personnel appointments and removals.

In the afternoon of 5 February, deputies heard a report by vice chairman Gong Daxi on checking the implementation of the procedures of the law on the management of pharmaceutical products of the People's Republic of China by the law enforcement group under the autonomous regional people's congress standing committee. They also heard a report by (Chen Xianzheng), deputy director in charge of urban and rural construction and of environmental protection in Tibet, on checking the enforcement of laws on resources and environmental protection conducted by the region's environmental protection and law enforcement group.

**PRC: Yunnan Seeks To Develop More Pillar Industries**

*OW1302015296 Beijing XINHUA in English*  
*0127 GMT 13 Feb 96*

[FBIS Transcribed Text] Kunming, February 13 (XINHUA) — Southwest China's Yunnan Province will resort to its rich plant, animal, mineral, and tourism resources to develop more pillar industries during the coming five years.

This year the province will carry out 18 biological projects in the fields of perfume, green vegetables, flowers and foodstuffs, and is expected to earn 30 billion yuan from these projects in the next five years.

Its phosphorus industry, which will be the largest in China, is under construction and Yunnan is expected to

produce 300,000 tons of yellow phosphorus when it is completed.

Well known for its abundance of nonferrous metals, Yunnan will make great efforts to develop the deep processing of nonferrous metals and will make Lanping the largest zinc and lead base in China.

Having earned 160 million US dollars-worth of foreign exchange and 4.2 billion yuan from tourism last year, the province is expected to receive as many as 1.1 million overseas visitors and 23 million domestic tourists in the year 2000, with the total income from this sector hitting 16 billion to 20 billion yuan.

Besides this provincial capital and the Xishuangbanna area, it further developed many scenic spots in western part of the province such as Dali, Lijiang, Diqing and Nuijiang last year. During the coming five years it will further develop tourism resources in the eastern part of the province.

Tobacco, a traditional provincial pillar industry, is expected to earn 40 billion yuan in pre-tax profits by the turn of the century.

#### North Region

**PRC: Hebei Aims To Join Ranks of 'Economic Giants'**

OW1202132296 Beijing XINHUA in English  
1040 GMT 12 Feb 96

[FBIS Transcribed Text] Shijiazhuang, February 12 (XINHUA) — Hebei Province has vowed to turn itself into one of the country's ten economic giants by the end of the century.

According to Ye Liansong, governor of the province, its gross domestic product will grow at an annual rate of 11 percent to 480 billion yuan by the year 2000.

In the next five years, most of the major state enterprises are expected to establish a modern enterprise system. Agriculture will account for 15 percent of the province's total economy, industry for 51 percent, and service trades for 34 percent, and at least 60 percent of research findings will be put to practical use.

The province plans to use 10 billion US dollars, and build more small cities and towns during the 1996-2000 period.

By the year 2000, the provincial population will be within 67 million, and the income of urban citizens will average 7,000 yuan per capita and that of rural residents 3,000 yuan per capita.

**PRC: Hebei To Move 8 Million Rural Residents to Cities**

OW1302090396 Beijing XINHUA in English  
0848 GMT 13 Feb 96

[FBIS Transcribed Text] Shijiazhuang, February 13 (XINHUA) — North China's Hebei Province plans to move eight million rural people to the cities by the end of this century, pushing the total urban population to 25 million, or one third of the total.

To realize this goal the province has drafted a plan to enhance the construction of infrastructure facilities in major cities and accelerate the modernization of small towns, said local officials.

In this provincial capital the province plans to build a number of trade, commercial, financial and art centers. The province will also build ten prefectural-level cities, 100 county-level cities and 1,000 small towns.

Hebei will modernize its current 33 cities. About 70 percent of the existing 130 county towns will be built into small cities by the turn of the century.

**PRC: Daqing Oil Field Output Projected**

OW1302061596 Beijing ZHONGGUO XINWEN SHE  
in English 1153 GMT 9 Feb 96

[FBIS Transcribed Text] Daqing, February 9 (CNS) — Daqing Oilfield, the largest oilfield in China, produced a record 56.68 million tonnes of crude last year.

Since 1976 when output exceeded 50 million tonnes, large and stable oil output has been maintained at this international standard oilfield development. In the 35 years since 1960, the field has produced a total of 1.35 billion tonnes of crude. The field leads China's top 500 industrial enterprises in profits tax paid of rmb [renminbi] 19.9 billion.

During the "Ninth Five-Year Plan", annual output will exceed 53 million tonnes and from the year 2000 and onwards annual output will remain steady at 50 million tonnes.

At present, Daqing is implementing plans to further secure a stable output, greatly promoting advanced oil extraction technology, stepping up prospecting, concentrating on the development of the oil strata in the north of the Songhuajiang Liaohe Basin and finding high-quality reserves.

**PRC: Tianjin Secretary Addresses Plenum on 1996 Goals**

*SK1102043996 Tianjin TIANJIN RIBAO in Chinese  
5 Jan 96 pp 1, 2*

[Report on speech by Gao Dezhan, secretary of the Tianjin Municipal CPC Committee, at the Fourth Enlarged Plenary Session of the Sixth Municipal Party Committee on 23 December: "Advance in a Pioneering Spirit, Work Hard in a Down-to-Earth Manner, and Achieve a New Level and Scale New Heights Again in 1996"]

[FBIS Translated Text] The main tasks of the Fourth Enlarged Plenary Session of the Sixth Municipal Party Committee are to regard Deng Xiaoping's Theory of Building Socialism With Chinese Characteristics and the party's basic line as guidance; conscientiously implement the guidelines of the Fifth Plenary Session of the 14th CPC Central Committee; carry out the plans set forth in the central economic work conference; discuss and adopt the "proposal of the Tianjin Municipal CPC Committee on the formulation of the Ninth Five-Year Plan for Tianjin's municipal economic and social development and the long-term target for the year 2010; discuss and adopt the "work priorities of the Tianjin Municipal CPC Committee for the year 1996"; make plans and arrange for this year's work; and mobilize the people of the entire municipality to unite as one, advance in a pioneering spirit, work hard in a down-to-earth manner, and strive to achieve a new level and scale new heights again for carrying out the work of the entire municipality in 1996, realizing the Ninth Five-Year Plan from a high starting point.

Now, on behalf of the standing committee of the municipal party committee, I would like to make a few remarks that will mainly center on the work of the entire municipality in 1996.

**1. A Brief Review of the Work in 1995**

In 1995 Tianjin made significant achievements in various tasks. Over the past year Tianjin's various fronts conscientiously carried out the general tasks of the whole party and country; centered on the subject of "doing a better job in economic development and social progress" as presented by General Secretary Jiang Zemin during his inspection of Tianjin; grasped two major tasks of economic construction and party building; comprehensively implemented the guidelines of the Third Enlarged Plenary Session of the Sixth Municipal Party Committee; worked hard in a united spirit; made earnest effort to do practical things; successfully fulfilled various work objectives and tasks for the whole year; made important progress in achieving periodical results in "quadrupling the gross national product by

1997 three years ahead of schedule, using five to seven years to transform shacks and dangerous houses in the urban district, using eight years or so to transform and readjust the state-owned large and medium-sized enterprises, and using 10 years or so to basically build coastal new areas"; pushed economic development to a new stage; promoted the work of various fronts to a new level; and made new breakthroughs in the crucial issues which affect the overall situation and the weak links restricting the overall situation. Therefore, Tianjin's overall situation was quite good.

The national economy developed in a sustained, rapid, and healthy manner. It was estimated that Tianjin's gross domestic product [GDP] would total 92 billion yuan, which increased by 14.5 percent over the previous year, surpassed the national average level, and ranked among the areas across the nation with relatively fast development. Per capita GDP surpassed 10,000 yuan. It was estimated that the total industrial output value would total 194 billion yuan, growing by 22 percent, and economic efficiency would improve to some extent. Tianjin's financial revenues were expected to grow by 18.1 percent. A number of key projects, including the expansion project of 150,000 Charade cars and the 140,000-tonne-ethylene project, were accomplished on schedule. A good bumper agricultural harvest was reaped, and the annual grain production in 1995 amounted to 4.15 billion kg, a record. Tertiary industry developed relatively rapidly, and it was estimated that the retail volume of social consumer products would total 37 billion yuan, up 22 percent. Tianjin continued to maintain fairly low prices among China's large- and medium-sized cities. Tianjin airport was upgraded to an international airport. Urban infrastructure was further strengthened. The comprehensive management of the urban environment ranked among the best in the state. It was estimated that shabby and dangerous houses with total floor space of 2.8 million square meters in large tracts of land in the urban district would be transformed. Twenty practical things for improving the living standards of people of cities and townships were completely accomplished. It was estimated that the per capita annual wage of staff and workers in Tianjin would increase by 1,200 yuan over the previous year, and the net per capita annual income of peasants would increase by 440 yuan over the previous year.

Reform was further deepened, and new breakthroughs were made in opening up to the outside world. Most of the 106 state-owned enterprises which launched pilot projects on establishing the modern enterprise system started operation, and the progress was smooth. Various coordinated reforms were promoted steadily. New achievement was made in ending deficits and increas-



ing profits as well as enhancing efficiency. A total of 130 state-owned enterprises with advanced technology were transformed and readjusted by industrial departments, accounting for 40 percent of the state-owned large and medium-sized enterprises. The task of reforming municipal-level organs was basically accomplished. A fairly good growing trend was maintained in the direct use of foreign capital. It was estimated that the negotiated amount of foreign capital would reach \$3.85 billion, and the actual input of foreign capital would reach \$1.5 billion, respectively increasing 10 percent and 47 percent over the previous year. It was estimated that the foreign export trade would total \$2.9 billion, up 20.8 percent. The construction of seaside new areas was smooth, and development zones continuously maintained a leading level across the state.

New progress was made in party building, the construction of spiritual civilization, and the building of democracy and legal systems. Efforts were made to conscientiously implement the guidelines of the Fourth Plenary Session of the 14th CPC Central Committee, realistically strengthen and improve party building, and unceasingly develop theoretical study in breadth and depth. Significant achievement was made in organizational construction, the building of party style and honest administration, and the anticorruption struggle. We successively held the 43d World Table Tennis Championship and the first China Beijing Opera Artistic Festival. This helped cultivate the spirit of "striving to perform top-grade work and bravely fighting for the gold medal" among the people of Tianjin Municipality; promoted the activities of "building a civilized city, and being civilized citizens"; and enhanced Tianjin's renown at home and abroad. The construction of spiritual civilization was comprehensively promoted; and the projects for "good books, good plays, outstanding dramas, outstanding movies, convincing articles, and original ideas" again achieved all-round success. The strategy of "invigorating Tianjin Municipality with science and education" struck root in the hearts of the people, and the atmosphere of study and training increased day by day. The building of democracy and legal systems was strengthened. Tianjin continued to be one of the best areas in the country in terms of public security. The spirit of the broad masses of cadres and people in Tianjin was heightened, people's popular feelings and morale were greatly strengthened, and they were full of confidence in developing and invigorating Tianjin.

The last year of the Eighth Five-Year Plan was 1995. During the Eighth Five-Year Plan period, effort was made to create a new situation for Tianjin's reform, opening up, and modernization drive, as well as to make big progress in the construction of material and spiritual

civilization. During the five years of the Eighth Five-Year Plan period, Tianjin's comprehensive economic strength was significantly strengthened, the development of various undertakings flourished, and people's living standards continuously improved. The broad masses of party members and cadres, the masses of various nationalities and circles, various social sectors, the various People's Liberation Army [PLA] units stationed in Tianjin, and the broad masses of commanders and soldiers of the Tianjin Municipal People's Armed Police Corps worked with one heart and one mind, pooled the wisdom and efforts of everyone, made arduous efforts, advanced in a pioneering spirit, and made great contributions for fulfilling various tasks for the year 1995 and the Eighth Five-Year Plan period.

While fully affirming achievements, we should remain sober. Judging Tianjin's situation from the viewpoint of the whole country, compared with advanced areas with fast development and with Beijing and Shanghai, we still face many problems and have a long way to go. Judging from the perspective of total supply and demand, Tianjin's economic strength is weak. Judging from the perspective of development, the nation as a whole realized the target of quadrupling GNP in 1995. But only by making efforts in 1996 can we attain this target by the end of the year. Quite a few state-owned enterprises have faced difficulty, their management mechanisms are inflexible, and the deficit range and volume are still fairly large. Enterprise management is extensive, and economic efficiency is unsatisfactory. For instance, Tianjin's rate of added-value of industry and the profit-tax rate of funds of industrial enterprises are both lower than the level of Beijing and Shanghai. Judging from the overall situation, Tianjin's economic structure is unreasonable, the structural readjustment of industries and products is backward, the quality of economic operation is low, and Tianjin's financial strength is fairly weak. The construction of some infrastructural facilities should be speedily strengthened. Some people have difficulty making a living. Some problems which exist in the construction of spiritual civilization and the building of honest administration should be resolved.

The subjective reasons for the gap between economic development and work include the following: 1) Emancipation of our minds is not deep enough. Owing to the bondage and influence of the old systems, we are frequently accustomed to using old ideas from the planned economic system to treat and handle new situations and things which exist in the socialist market economic system. So the sense of opportunity and the sense of bringing forth new ideas are weak. 2) The impetus for promoting reform is insufficient, the daring to break

through and try is insufficient, the pace of reform is slow, and the effects are insignificant. 3) The enthusiasm for starting undertakings through painstaking effort and working indomitably is insufficient. These reflect that our ideology, ideas, and work style still fail to meet the demands of the situational development. For this, we should pay great attention to consciously and conscientiously resolving these issues in our future work, and enhance the level of ideology and leadership.

Correctly recognizing the situation and ourselves is the major prerequisite for continuously forging ahead. We should keep a sober mind. We should not only pay attention to the achievements which we have made and the advantageous conditions so as to strengthen confidence in continuously forging ahead, but should also stress the gaps and unfavorable factors. We should fully estimate the difficulty in the work of 1996 and further strengthen the awareness of urgency and responsibility for expediting Tianjin's reform and development.

To make a comprehensive survey of the international and domestic situation, as far as Tianjin's development is concerned, the opportunity and challenges coexist; so do the hope and difficulty. We should fully recognize that success or failure in firmly grasping the opportunity for development, removing difficulties in the course of forging ahead, and expediting the progress of reform, opening up, and the modernization drive will decide what kind of appearance Tianjin will have when it strides into the 21st century and what position and role Tianjin will play in the national economic pattern during the next century. At a moment when the new century will come soon, and various areas are vying to expedite development, we should grasp the last opportunity of this century and treasure and make good use of this opportunity to expedite development. We should strive by every possible means to develop Tianjin's economic construction. For many years, in the course of the practice of reform and construction, we have accumulated some good experiences and methods; and all sectors have established a fairly good foundation and staying power, and the progress of their work has also become smoother. Particularly, people of Tianjin Municipality have reached a high degree of common understanding about grasping the opportunity, expediting development, and enhancing Tianjin's prestige and confidence. This is the most precious spiritual strength and source of impetus for us in continuously forging ahead. Leading cadres at all levels should have the spirit of holding themselves responsible to the people, be really anxious about them, take real action, have the spirit of not eating and sleeping if there is no progress, make up their minds, go all out, and unite with the broad masses of people across the municipality to strive for greater success.

## 2. The Guidelines and Overall Demands for the Municipal Work in 1996

In line with the "proposal" adopted at the Fifth Plenary Session of the 14th CPC Central Committee and in order to proceed from Tianjin's reality, the municipal party committee put forward the "Proposal for the Formulation of the Ninth Five-Year Plan for Tianjin's Municipal Economic and Social Development and the Long-Term Target for the Year 2010." This is a grand blueprint for recreating Tianjin's prestige and a great project for revitalizing Tianjin. The more than nine million people of Tianjin Municipality are full of confidence and have the ability to turn this grand blueprint into a majestic reality. A new Tianjin Municipality with prosperous economic development, progressive social civilization, and vigor and vitality and where the people live and work in peace and contentment will stand erect in the new century.

The task of realizing the trans-century fighting objectives for Tianjin's development is extremely arduous. We should rouse ourselves for vigorous efforts to make the county prosperous, work hard in a down-to-earth manner, grasp the work of every year well, and make every step successful. The year 1996 is the first year for implementing the guidelines of the Fifth Plenary Session of the 14th CPC Central Committee and carrying out the Ninth Five-Year Plan. Successively carrying out this year's work and making a good start are of great significance in consolidating and developing the great achievements we made during the Eighth Five-Year Plan period, maintaining the good trend of reform, development, and stability, and successively fulfilling various tasks for the Ninth Five-Year Plan period.

In 1996 the whole municipality should conscientiously carry out the guidelines of the Fifth Plenary Session of the 14th CPC Central Committee and the plans of the Central Economic Work Conference. The general guidelines are: We should adhere to Comrade Deng Xiaoping's Theory of Building Socialism With Chinese Characteristics and the party's basic line; carry out the basic guiding principle of "seizing the opportunity, deepening reform, expanding opening up, promoting development, and maintaining stability"; correctly handle the relationship between reform, development, and stability; actively promote the change of economic system and the mode of economic growth; conscientiously carry out the strategy of invigorating the municipality by science and education; concentrate efforts to grasp economic work; strengthen the construction of socialist spiritual civilization and the building of democracy and the legal system; strengthen party building; promote the sustained, rapid, and healthy development of the national economy and comprehensive social progress; and lay a good founda-



tion for comprehensively realizing various tasks for the Ninth Five-Year Plan period.

In 1996 the tasks facing us are extremely arduous, the demand are high, and the difficulties are great. In the work of various areas, fronts, and sectors, we should carry forward the spirit of the world's table tennis championships of "striving to perform top-grade work and bravely fighting for the gold medal," act in line with the top-grade standard, make top-grade achievements, and attain the top-grade level. The year 1996 is the starting year of the Ninth Five-Year Plan, so we should meticulously carry out various tasks and strive to make a good start in an effort to lay a good foundation for the last four years of the Ninth Five-Year Plan period. In 1996 we should maintain a good economic development trend, seize the opportunity, and expedite development. By the year 1995 the nation as a whole realized the target of quadrupling GDP. Being a municipality directly under the central government and a big coastal open city, in 1996 Tianjin should strive to realize this target four years ahead of schedule. In brief, in 1996 we should strive to make excellent work achievements, carry out the Ninth Five-Year Plan with a high starting point, and realize the goal of quadrupling GDP.

In 1996 we should give consideration to the overall situation, pay attention to important matters, uphold good experiences and practices, and develop a good trend for our work. Particularly, we should pay attention to grasping the following guiding principles and general principles, make overall plans and take all factors into consideration, carry out package reform, and successfully carry out various tasks. First, we should continuously grasp the general tasks of the whole party and nation and correctly handle the relationship between reform, development, and stability, with development being the purpose, reform the motive force, and stability the premise. We should make meticulous plans, meticulously do a good job in reform, development, and stability, and coordinate with and promote each other. Second, we should actively promote the change of economic system and the mode of economic growth, regard enhancing economic efficiency as the central task, and promote sustained, rapid, and healthy economic development. We should carry out the strategy of invigorating the municipality with science and education and really bring economic construction into the orbit of relying on scientific and technological progress and enhancing the quality of laborers. Third, we should regard deepening the reform of state-owned enterprises as the central task, add impetus to reform, and expedite the reform step. We should further expand the multi-directional opening up and strive to raise the level of using foreign capital. Fourth, we

should persist in taking a two-handed approach in work and be tough with both. We should take the material and spiritual civilizations as a unitary fighting objective, promote the simultaneous progress of two civilizations, and realize the mutual coordination and sustainable development of both the economy and society. Fifth, we should strengthen and improve the party's leadership, give play to political advantages, successfully improve the party itself, regard strengthening the ideological and political building of leading bodies as of priority importance, and strengthen the cohesion and fighting power of the party organizations at various levels. Sixth, we should uphold the party's mass viewpoint and mass line and do a good job in guiding, protecting, and giving play to the enthusiasm of the broad masses of people. We should strengthen overall unity in Tianjin's various sectors; mobilize the masses of various sectors, nationalities, and circles to work with one heart and one mind; pool the wisdom and efforts of everyone; and work hard to fulfill various tasks.

In order to successfully carry out the work for the year 1996, we should further emancipate the mind and make earnest effort to do practical things. Emancipating the mind is the key to expediting Tianjin's development. Without further emancipating the mind, it will be impossible to create a new situation and scale new heights in formulating the Ninth Five-Year Plan. For various tasks in 1996, we should regard emancipating the mind as the guide; uphold unity, emancipate the mind, and seek truth from facts; resolutely do away with the ideology of sticking to old ways, being satisfied with the current situation, remaining inactive, being reluctant to bear hardships, attempting nothing and accomplishing nothing; firmly establish awareness of promoting reform, bringing forth new ideas, conducting competitions, and making all-out efforts; and create the habit of advancing in a pioneering spirit, daring to be the first, blazing new trails, and scaling new heights again in the whole society. We should conscientiously study the advanced experiences and good practices of Beijing, Shanghai, and other places across the nation. To emancipate our minds, we cannot just remain at the discussion level; we should take the overall situation into consideration, start from practical issues, strive to promote various tasks, work hard, and make earnest efforts to do practical things. We should carry forward the spirit of carrying on a tenacious struggle and starting undertakings through painstaking efforts; turn the great spiritual strength coming from the emancipation of the mind into the great material strength; make big strides in promoting reform, opening up, and development; and again push various tasks to a new level.



To successfully carry out the work for the year 1996, we should persist in regarding economic construction as the central task, renew the thinking on development, and actively promote two fundamental changes. The Fifth Plenary Session of the 14th CPC Central Committee explicitly put forward that the key to realizing the Ninth Five-Year Plan and the fighting objectives for the year 2010 is to achieve two fundamental changes of overall significance. First, we should change the traditional planned economic structure into a socialist market economic structure; and second, change the extensive economic growth mode into an intensive economic growth mode. This is a major policy decision made by the central authorities on the basis of comprehensively analyzing the current situation of China's economic and social development and its objective trend; it is the crucial link for successfully carrying out the economic work for the year 1996, and is also the basic outlet and hope for resolving deep-seated contradictions. The two changes are interrelated, and they also complement and promote each other. The basic demand of the first change is to deepen reform, and that of the second one is for better development. The economic work is miscellaneous and complicated, so successfully grasping these two fundamental changes means grasping the crux and achieving desired results.

### **3. Actively Promote the Change in the Economic System and the Mode of Economic Growth and Concentrate Efforts To Develop the Economy in a Better and Faster Way**

To comprehensively fulfill various tasks for the year 1996 and lay a good foundation for realizing the Ninth Five-Year Plan, we should seize the opportunity, expedite development, and concentrate efforts to develop the economy in a better and faster way. General Secretary Jiang Zemin pointed out the following in his important speech given at the Fifth Plenary Session of the 14th CPC Central Committee: Development is the essential criterion, and the crux of resolving China's problems is to depend on self-development. Therefore, expediting development and pushing the economy forward is the crux of resolving Tianjin's various problems and the biggest practical and good thing we should do for the people of Tianjin. Without promoting development and economy, nothing can be achieved. During the Ninth Five-Year Plan period, we should strive to create conditions for developing Tianjin's economy in a better and faster way. In emphasizing development, we should seek truth from facts, and in addition to exerting the utmost effort to seek development, also act according to our capability; pay attention to seeking sustained, rapid, and sound development; and strive to integrate speed with efficiency, macroeconomic vitality with macroe-

conomic regulation and control, the increase in overall economic balance with structural optimization, and economic development with social progress. Our goal is to strive by every possible means to raise to a new height Tianjin's economic strength, the economic efficiency of enterprises, financial revenues at all levels, and the income level of the masses. For this, we should realistically carry out the following priority tasks.

First, we should renew the thinking on development and make relentless efforts to promote two fundamental changes.

We should explicitly recognize the main connotation, basic demands, and great significance in changing the economic system and the economic growth mode as well as their interrelations. Besides, we should realistically embody them in various aspects of economic work for next year and for some time to come in an effort to make significant achievements.

To change the mode of economic growth, we should fundamentally and truly change the development method of productive forces from one of mainly relying on increasing input, developing new projects, seeking quantity and speed, neglecting the efficiency of using essential production factors, requiring high consumption but yielding poor quality and low efficiency to one mainly relying on scientific and technological progress, raising the quality of laborers and regarding enhancing economic efficiency as the central task in developing the economy at a fairly high speed and with good efficiency. Regardless of the production, circulation, and construction fields, or industrial and agricultural production, we should actively promote the change in the economic growth mode and exert efforts to raise economic efficiency, the quality of economic growth, and the overall economic quality. Specifically speaking, through relying on scientific and technological progress, we should strive to enhance the input-output rate of various essential production factors, including the rate of using resources, the rate of using energy, the turnover rate, and the man-hour utilization rate. Besides, we should also raise some comprehensive targets, such as the profit-tax rate of funds, the rate of added-value of industry, investment returns, and the added-value rate of funds so as to bring the role of resources, labor forces, funds, capital, and other essential production factors into the fullest play. To expedite economic development, we should pay special attention to relying on the change of the mode of economic growth to raise economic efficiency. For instance, by increasing the industrial added-value rate in Tianjin by one percentage point, we can increase GDP by nearly four percentage points. Therefore, the potential is great.

Changing the economic system is the basis of changing the mode of economic growth. Through deepening reform, we should form the enterprise management mechanism, which is advantageous to saving resources, reducing consumption, and increasing efficiency; form the technical progress mechanism, which is advantageous to voluntarily bringing forth new ideas; and form the economic operation mechanism, which is advantageous to fair market competition and the optimum distribution of resources. Through deepening reform, we should further improve the economic relations of various sectors and perfect the new economic operation mechanism and economic order so as to meet the demand for the rapid development of productive forces.

Second, we should regard deepening reform of state-owned enterprises as the central task, add impetus to reform, and accelerate reform.

Reform is the motive force of development. The primary task of concentrating efforts to push the economy forward is to concentrate efforts to promote reform. Only by making a big step in reform can we make a big step in development. The central economic work conference put forward the following: In 1996, we should realistically accelerate the step of reforming the state-owned enterprises and strive to make greater breakthroughs and progress. The foundation for pushing the economy forward lies in enterprises, and the hope of invigorating Tianjin also lies in enterprises. Therefore, if enterprises are invigorated, Tianjin can also be enlivened. We should continue to deeply carry out the guidelines of the important speech given by General Secretary Jiang Zemin on deepening enterprise reform, summarize experiences, unify recognition, make bold exploration, have courage in practice, and make real breakthroughs in reforming enterprises during this year with greater determination and boldness.

A. We should accelerate the step of establishing a modern enterprise system. In 1996, we should expand the experiment of the modern enterprise system and make the total number of experimental enterprises account for 40 percent of the state-owned large and medium-sized backbone enterprises. We should add impetus to reforming enterprises; center on forming new systems and changing mechanisms; exert efforts to resolve key and difficult issues; and strive to make breakthroughs in supporting superior and strong enterprises, increasing funds and reducing debts, reducing staff and increasing efficiency, changing enterprise ownership and transferring personnel, amalgamating money-losing enterprises and making them declare bankruptcy, organizing and building enterprise groups, and reorganizing assets. The rest of enterprises should further carry out the "regulation of changing the mechanism," the "supervision and manage-

ment regulation," and other regulations, and make big progress in changing the management mechanism. We should regard reform as the motive force and integrate reform with readjustment, transformation, and management. Regardless of experimental enterprises or the rest of enterprises, the results of enterprise reform and development should be mainly embodied in their efforts to form good management mechanisms, products, management, economic efficiency, and leading bodies; to comprehensively raise the quality of enterprises; to end deficits and increase profits; and to enhance economic efficiency.

B. We should keep an eye on grasping the entire national economy, pay attention to key points, and give different guidance to different cases. While grasping the state-owned large and medium-sized enterprises, we should decontrol and invigorate state-owned small enterprises through adopting various forms. Grasping big enterprises and enlivening small ones is a strategic reorganization for the state-owned enterprises, so we should make breakthroughs in this aspect in 1996.

C. We should do a good job in the coordinated reform. The focus of this matter is to expedite the establishment and perfection of the social security system and to make a bigger step in the reform of old-age pensions, unemployment, and medical insurance. We should continuously strengthen the building of the market system and other aspects of reform.

D. We should accelerate the step of changing the government functions and promote the separation of government functions from enterprise management. On the basis of fulfilling the task of reforming the municipal-level organs, we should accomplish the reform of district and county organs during the first half of the year 1996. We should realistically change the functions of all levels of governments, and various sectors should eliminate the misgivings and difficulty of enterprises and do a good job in serving them. We should comprehensively promote the reform of institutions. We should perfect and deepen the reform of changing various original industrial bureaus into general companies, really change functions, improve relations, and avoid just changing the name but following the old way. We should expedite implementation of the strategy of invigorating districts and counties; formulate plans for deepening reform, improving systems, and defining responsibility and rights; strengthen the development vitality of districts and counties; and fully mobilize and give play to the enthusiasm of districts and counties.

Third, we should regard enhancing economic efficiency as the central task, further readjust structural optimiza-



tion, expedite scientific and technological progress, and strengthen the management of enterprises.

The main symbol of realizing the change of economic growth mode is to enhance economic efficiency. For this, we should adopt comprehensive measures, integrate reform with development, and integrate reform with reorganization, transformation, and strengthening of management. This means that in the course of deepening economic system reform, we should devote great efforts to readjusting the structure, promoting scientific and technological progress and strengthening management.

A. We should realistically grasp the structural readjustment and strive for better efficiency by optimizing the structure. We should proceed from Tianjin's reality, further readjust the industrial structure, actively strengthen the primary industry, and comprehensively boost rural economy. We should readjust and upgrade secondary industry in an effort to put into effect Tianjin's new industrial advantage. We should devote great efforts to developing tertiary industry; meet the demand of establishing a commercial, trade, and financial center in the northern region; and coordinate development of the primary, secondary, and tertiary industries. We should actively grasp the readjustment of the distribution structure of state-owned assets, invigorate the existing amount of assets, optimize the increased amount of assets, and realize the optimum combination of various essential production factors. We should persist in regarding public ownership as the mainstay and the state-owned economy as the leading factor, and actively develop three types of foreign-funded enterprises, the private enterprises, and individual economic sectors. We should optimize the investment structure, add impetus to structural readjustment, exert efforts to manage the "decentralized" state of the economy, strive to form the scale economy, strengthen policy decisions and management of construction projects, and further enhance investment efficiency. We should firmly grasp and do a good job in the structural readjustment of products and enterprise organs. We should add impetus to industrial readjustment; should accelerate the development of pillar industries, including the automobile, machinery, electronics, chemical, and metallurgy industries; and should upgrade light and textile industries and other traditional superior industries. We should concentrate our efforts on grasping the construction and transformation of a number of key projects. We should comprehensively conduct the strategy of producing brand-name and competitive products, and we should enhance the ratio of products in the market as well as market competitiveness. We should organize and establish a number of large, high-level, and strong enterprise groups. We should strive to enhance

the marketing rate of products, increase the efficiency of working funds, raise the quality of products, lower the cost of products, enhance overall industrial quality and efficiency, and form new advantages.

B. We should accelerate the step of promoting scientific and technological progress and use scientific and technological progress to achieve better efficiency. Relying on scientific and technological progress, paying attention to educational development, and implementing the strategy of invigorating the municipality with science and education are the major moves for promoting change in the economic growth mode. We should continuously do a good job in transforming technology and in renewing the equipment of old enterprises. We should accelerate the using of foreign capital and advanced technology to transform old enterprises with advanced technologies, and should actively spread and apply new technologies. We should strengthen technical development as well as increase the technological application and the product level. We should actively develop high and new technology and related industries, and should actively use high and new technology to transform traditional industries. We should regard the combination of science, technology, economics, and education as the crucial task, and should accelerate the transformation of scientific and technological achievements into practical productive forces.

C. We should comprehensively strengthen management and achieve better efficiency through scientific management. Poor management is one of the main manifestations of extensive economic growth, so we should attach great importance to this issue and push various management tasks in 1996 to a new level. We should grasp enterprise management; regard cost management as the central task; strengthen management over the production, operation, quality, and property of enterprises; strengthen basic work; close various loopholes; and perfect laws and regulations. To strengthen enterprise management, we should deeply and meticulously conduct our work, achieve better efficiency by management, carry out the management target responsibility system, be strict in evaluation, and bring about the system of giving rewards and punishments.

The most important symbol of carrying out the two fundamental changes and of grasping the reform and development of enterprises is to change the management mechanism, to enhance efficiency, and to end deficits and increase profits. In 1996, we should classify state-owned enterprises in the order of priority; should pay attention to key points; should define the work objectives of changing mechanisms, ending deficits and increasing profits, and enhancing efficiency; should carry out the strict responsibility system; and should truly achieve



success in enlivening a number of enterprises. In 1996, the volume of deficits and the number of money-losing enterprise in Tianjin should be reduced, the overall situation should be better than the national average, and the volume of profits should be increased by a large margin.

Fourth, we should continuously strengthen the foundation status of agriculture and achieve new progress in agriculture and the rural economy.

Agriculture is the foundation of the national economy. Placing agriculture in first place for developing the national economy is a guiding principle that should be upheld for a long time, a guiding principle of overall importance, and a demand set forth for the work of the entire party and country. Though Tianjin's agriculture is suburban in type, we should also fully recognize the important position of agriculture; should attach great importance to agriculture in terms of ideology; should realistically put agricultural work in place; should guarantee agricultural development in terms of measures; and should promote a major development in Tianjin's agriculture and rural economy.

In 1996, we should continuously pay attention to increasing the effective supply of farm and sideline products and the income of peasants; should realistically grasp the four tasks of raising grain production to a new level, promoting the new round of "food basket" projects, the second pioneering program of township enterprises, and the construction of moderately prosperous villages, townships, cities, and towns; should comprehensively develop the rural economy; and should promote social progress in rural areas. These are common tasks of the various departments across the municipality. We should further intensify the efforts to invest in agriculture and use science and education to invigorate agriculture; to strengthen agricultural infrastructure; to successfully carry out the comprehensive management of agriculture; to appropriately develop large production; to establish the system of protecting basic grain and vegetable fields; to enhance the level of production from the land; and to comprehensively grasp the "rice-sack" and "food-basket" projects as well as agricultural production. We should persist in deepening rural reform, adopt various measures, and boost the enthusiasm of the broad masses of peasants. We should actively explore new mechanisms and methods for supporting and promoting agricultural development, as well as guide and encourage various trades to support agriculture. We should actively create conditions for strengthening the collective economic strength. We should expedite the integration of urban and rural economies as well as the progress of agricultural modernization, and should promote the development of agriculture and the rural economy.

Fifth, we should further expand opening up and actively promote internal combination and cooperation.

Expanding opening up is the major move for expediting Tianjin's development. In 1996, the state will carry out three reforms of the taxation system of foreign-invested enterprises, so we should adapt to this new situation, strive to successfully carry out our work, and meet new challenges. We should conscientiously summarize experiences, continue to expand the degree of opening up, strive to enhance the level of opening up, and develop a good trend of opening up Tianjin to the outside world. We should use foreign capital in a more positive, reasonable, and effective manner; should further improve the investment environment; should expand the fields using foreign capital; should raise efficiency in inviting in businesses and in introducing foreign capital; should enhance the level of using foreign capital; and should continue to make Tianjin rank among the best in the country in using foreign capital. We should strive to make new breakthroughs in pillar industries; in the transformation of old enterprises with advanced technology; in high and new-tech projects; in urban infrastructure facilities; in agriculture; in commerce; in finance; and in the tertiary industry. We should accelerate the building of seaside new areas, grasp the construction and development of development zones and bonded areas, and give play to their backbone and window role in opening up to the outside world. We should intensify our efforts to reform the foreign trade system; should accelerate the readjustment of the product mix, market structure, and trade method in the course of conducting foreign trade; and should foster export pillar enterprises and products. We should also make relentless efforts to deepen reform and strengthen the internal management of foreign trade enterprises.

We should further expand internal opening up with greater boldness, should truly open up wider Tianjin's door to the outside world, and should serve and gear ourselves to the needs of the entire country. On the one hand, we should make Tianjin's enterprises and products enter the international market. On the other, we should introduce more gifted people, materials, funds, and information to Tianjin; should actively promote the multilayered and various forms of association between Beijing, Tianjin, and Hebei; and should promote associations and cooperation with brotherly provinces, districts, cities, and areas around Bohai and in the "north-east, northwest and north China regions" in particular.

Sixth, we should actively carry out the central policies and measures on strengthening and improving macroeconomic regulation and control, and should create a good economic environment and order.

We should proceed from China's overall situation and resolutely carry out various central measures on strengthening and improving macroeconomic regulation and control. We should continuously regard controlling inflation as the primary task of macroeconomic regulation and control, and should ensure that Tianjin's prices maintain a fairly low level among China's large and medium cities. We should further strengthen price management; rectify the circulation order; and deal stern blows to illegal activities such as jacking up prices, swindling, and forcibly occupying the market. At the same time, we should devote great efforts to developing production and circulation plans, and should unceasingly ensure ample market supplies and enliven the market. We should further improve economic relations and realistically do a good job in rectifying the economic order, in enforcing financial and economic discipline, and in standardizing market behavior.

**4. Put the Construction of Socialist Spiritual Civilization in a More Prominent Position, Strive To Realize the Simultaneous Progress of the Two Civilizations, and Coordinate the Development of Both Economy and Society**

As regards Tianjin's spiritual civilization construction and ideological propaganda work, in 1996 we should persist in regarding Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as a basic guide, and should further carry out the four tasks of using scientific theories to arm the people, of using correct public opinions to guide the people, of using a lofty spirit to train people, and of using excellent work to inspire the people. We should strengthen theoretical study, research, and propaganda. We should improve and strengthen the work of the press, publications, radio, television, and films as well as the work of studying social sciences. We should carry out the "plan to produce one hundred outstanding spiritual products" and should strive to achieve success in the project "to produce good books, good plays, outstanding dramas, outstanding movies, and convincing articles." We should unceasingly grasp the four related projects on mass spiritual civilization construction, and should continuously develop and deepen them. We should comprehensively achieve new progress in ideological and moral education. We should further deepen the activities of learning from advanced elements in an effort to encourage healthy trends, and should impel people to make progress. We should comprehensively promote the "building of a civilized city and being a civilized citizen" through various forms, and should push this work to new levels. We should promote mass cultural activities to various levels in a diversified way, and should give prominence to the actual results.

We should study the experiences of Zhangjiagang and other advanced areas, and should promote Tianjin's spiritual civilization construction to a new stage. The aforementioned tasks have been arranged in line with the work priorities of the municipal party committee. Now, I would like to further emphasize some points.

A. We should further enhance the recognition of the importance of attending to spiritual civilization construction under the new situation. The fifth plenary session of the 14th CPC Central Committee has emphasized that we should put the construction of the socialist spiritual civilization in a more prominent position, should regard the material and spiritual civilizations as an unitary fighting objective, should uphold the simultaneous progress of the material and spiritual civilizations, and should promote the mutual coordination and sustainable development of both the economy and society. This is a major issue with a bearing on the rise, fall, success, and failure of China's socialist undertakings. By successfully building two civilizations, only then can we build socialism with Chinese characteristics. Various levels of leading cadres, and leading cadres at and above districts, counties, and bureaus in particular, should soberly recognize that we should not only seize the opportunity and expedite reform and development, but should also realistically strengthen spiritual civilization construction and provide powerful spiritual impetus and ideological guarantees for economic construction. Particularly, under the new situation when the new system is replacing the old one, we should never regard strengthening spiritual civilization construction as a matter of little importance, and should never seek temporary economic development at the expense of weakening or even abandoning the spiritual civilization. We should further strengthen the sense of urgency of grasping the construction of the material and spiritual civilizations. We should not only invigorate the economy, enliven enterprises, and make people rich, but we should also encourage healthy trends, establish good order, raise the quality of people, and push the two civilizations to a new stage.

B. We should regard training socialist citizens with ideas, ethics, culture, and a sense of discipline as the basic task of building spiritual civilization. Training socialist citizens with ideas, ethics, culture, and discipline as well as enhancing the ideological, moral, scientific, and cultural quality of the entire nation is the basic task of building socialist spiritual civilization. If we want to do a good job of invigorating Tianjin, fundamentally speaking, we should enhance people's quality. Only by enhancing people's quality can we greatly promote Tianjin's work. People of Tianjin Municipality should further strengthen their political convictions, establish good moral practices, carry forward the spirit of con-



ducting arduous struggle and being selflessly dedicated, respect their work, work diligently, and make contributions to building their hometowns. We should continuously organize various study and training activities, and attract more cadres, staff, workers, peasants, and young people in particular to participate in these activities, and form a good study atmosphere throughout the whole society.

C. We must persist in the principle that the key to promoting spiritual civilization hinges on first building it. To achieve this, we should take building as the foundation, make unremitting efforts, persist in conducting education through positive examples, aim at promoting unity and boosting enthusiasm, ensure that there are targets, steps, and measures, pay attention to the grassroots levels, basic work, and the carriers, and coordinate long-term targets with short-term work. To emphasize building, we should also attract the participation of the broad masses of people, proceed from the things about which the people are very concerned, put forward different demands for the masses at different levels, and inspire and educate the masses through imperceptible influences. We should comprehensively use various forces to form an effective mechanism governing the building of spiritual civilization and unswervingly carry it out according to the guiding forces of scientific theories and the mass media, the influence of culture, the enlightenment of science, the restrictions of morality, and the coercive forces of the legal system.

D. We should realistically strengthen and improve ideological and political work. Ideological and political work is a fine tradition and political advantage of our party. Under the new situation, we should attach great importance to ideological and political work and fully boost the enthusiasm and creativity of the broad masses of cadres and people through lively and effective ideological and political work. We should realistically strengthen and improve the ideological and political work of enterprises as well as deeply carry out the activities of building rural socialist spiritual civilization. We should adapt to the needs of the situation and tasks, unceasingly study new situations, summarize new experiences, explore new methods, enhance the level of ideological and political work, and strengthen the cohesion and attractiveness of ideological and political work.

E. We should further strengthen leadership over the building of spiritual civilization. The building of socialist spiritual civilization is not only the task of propaganda, ideological, cultural, and educational departments, but also a common task of various departments, including the economic front. The main party and government leading cadres at various levels should place

the building of spiritual civilization in a more prominent position and put it on the agenda of important items. We should "make top leaders grasp the two tasks," ensure the simultaneous planning, implementation, and examination of the building of the two civilizations, and grasp them until desired results are achieved. To grasp the building of spiritual civilization, we should fight a general war. All departments should exert more efforts, give more support, and be willing to spend money. The committee for guiding the activity of the building of spiritual civilization should give full play to the guiding, coordinating, and promoting role. We should study and formulate the Ninth Five-Year Plan for Tianjin's building of spiritual civilization, bring it into the overall plan of economic and social development, and conscientiously make plans for implementation.

#### **5. Strengthen and Improve the Party Leadership, Successfully Improve the Party Itself, and Provide a Strong Guarantee for Realizing the Fighting Objectives**

In 1996 all tasks for reform, development, and stability will be very arduous. The key to fulfilling various tasks for the year 1996 and realizing fighting objectives for the Ninth Five-Year Plan and even the trans-century period is to strengthen and improve party leadership, do a better job in party building, strive to enhance the level of leadership and work, and strengthen the cohesion and fighting power of party organizations.

A. We should realistically strengthen the party leadership, be good at making plans, do practical things, and relentlessly grasp implementation.

The priority of strengthening and improving party leadership is guaranteeing smooth implementation of the party's line, guiding principles, and policies in various areas, departments, and units. Various levels of leading cadres should unceasingly strengthen the consciousness and steadfastness of carrying out the party's basic theories, line, and guiding principles and really use the central line, guiding principles, and policies to unify the ideology and action of cadres and the masses. The party committees at all levels should consider the overall situation, correctly analyze the situation, and do a good job in discussing and grasping important matters. We should inherit and carry forward the party's fine traditions, be good at giving play to political advantages, realistically carry out ideological and political work, and guarantee the smooth accomplishment of various tasks. We should uphold and perfect democratic centralism, persist in integrating collective leadership with individual work responsibilities, intensify efforts to make policy decisions democratically and scientifically, and unceasingly enhance the leadership level. We should work in a down-



to-earth manner, relentlessly grasp the implementation of work, further carry out the system of making leading cadres take responsibility for their working objectives, strengthen the work of giving different guidance in different cases, strengthen supervision and inspection, make each level grasp the work of the next level, ensure that there are arrangements, inspection, and results, dare to tackle tough tasks, and achieve real achievements in various tasks.

We should strengthen leadership over the work of the people's congress and the Chinese People's Political Consultative Conference. We should strengthen leadership over the trade union, Communist Youth League, women's federation, and other mass organizations. We should do a good job in working and cooperating with various democratic parties, relevant mass organizations, and nonparty figures. We should conscientiously do a good job in the double-support work, strengthen unity between the army and government and between the army and the people, pay great attention and give full play to the roles of all sectors, actively carry out work, strengthen coordination and cooperation, pool efforts of various sectors, strengthen great unity, promote great development, and strive to successfully fulfill various tasks for the whole year.

B. We should comprehensively improve the party itself and unceasingly strengthen the cohesion and fighting power of party organizations.

Party committees at all levels should act in line with the "decision" of the Fourth Plenary Session of the 14th CPC Central Committee and the "implementation plan" of the municipal party committee and continue to relentlessly grasp the implementation of various tasks of party building.

First, we must make ideological and political construction the first priority and unceasingly deepen theoretical study. We should continuously organize the broad masses of cadres and people to deeply study the "Selected Works of Deng Xiaoping," regard the "outlines" as important supplementary material, and strive to grasp the scientific system and spiritual substance of theories. We should integrate theories with reality, strengthen our ability to use theories to solve practical problems, and produce good effects in resolving the problems concerning the world outlook and the outlook on life. We should regard leading bodies' adherence to the study system and cadres' theoretical study situation as an important task of evaluating work achievements in an effort to standardize and perfect the theoretical study system. August 1996 marks the 10th anniversary of Deng Xiaoping's inspection of Tianjin, so party organizations

at all levels should regard this as an opportunity to promote the in-depth development of theoretical study.

Second, we should continue to consider organizational construction as a crucial link and a new breakthrough in strengthening the ideological and political construction of leading bodies and in training excellent and young cadres. For the party's organizational work in 1996, we should regard strengthening the ideological and political construction of leading bodies at and above the district, county, and bureau level as of priority importance and comprehensively enhance the quality of various levels of leading cadres. Leading cadres at all levels should strengthen socialist and communist ideals and convictions, remember well the party's nature and purpose of wholeheartedly serving the people, strengthen the consciousness of carrying out the party's line, guiding principles, and policies, bear in mind the general tasks of the whole party and nation, be good at judging the situation from a political perspective, and always be sober and steadfast in politics. We should strengthen the unity and fighting power of leading bodies. We should strengthen the work of making top leaders take responsibility for grasping the work of improving leading bodies, particularly ideological and political construction. Party committees at all levels should proceed from the strategic perspective, further intensify efforts to train and select excellent and young cadres, broaden the field of vision and channels for selecting cadres, urge excellent cadres to come to the fore, and really find the right persons and make good use of them. In the course of training and selecting party and government leading cadres, we should strive to train a contingent of high-quality socialist enterprise managers and a contingent of high-quality scientific and technological personnel.

We should continuously devote great efforts to grasping the construction of the party's grass-roots organizations and fulfill the objectives and tasks for building and rectifying rural grass-roots organizations in a way that ensures both quality and quantity. By the end of 1996, the backward rural party branches should be completely transformed. In Tianjin, 85 percent of rural grass-roots organizations should attain the standard of having "good leading bodies, contingents, development ways, mechanisms, and systems"; 85 percent of villages should meet the demand of "attaining moderate prosperity." For the construction of urban grass-roots party organizations, we should regard the construction of the party organizations of state-owned enterprises as of priority importance. For enterprises, party work should be carried out in close connection with the central tasks of production, management, and enterprise reform. It should also uphold the political nucleus status of

party organizations, and persist in making party organizations participate in making policy decisions for major issues of enterprises. At the same time, we should devote great efforts to strengthening the construction of leading bodies of enterprises. For the construction of organs, schools, neighborhoods, and other grass-roots party organizations, we should strengthen efforts to give different guidance to different cases. We should rectify backward party branches of various departments by stages and in groups.

Third, we should strengthen the building of party style and honest administration and deeply and enduringly conduct the anticorruption struggle. In line with central plans and the unified leadership of the party committee, it is imperative to make the party and government organs grasp and manage various tasks through concerted effort, uphold the pattern of three tasks, relentlessly implement it, and achieve new and greater progress. We should do a good job in making leading cadres honest and self-disciplined, seriously investigate and handle law-and discipline-breaking cases, and make special efforts to increase the impetus for investigating and handling major and serious cases. We should resolutely check unhealthy trends in departments and trades and make Tianjin rank among the areas with fairly good social habits and healthy trends in various trades in the country. We should uphold the guiding principle of taking radical and stopgap measures simultaneously and carrying out comprehensive management, strengthen the education on party style and honest administration, and strengthen the management and supervision of cadres. We should further perfect legal systems and gradually standardize and institutionalize anticorruption work.

C. We should uphold the party's mass line and fully boost the enthusiasm of the broad masses of people.

The mass viewpoint is our party's basic political viewpoint, and the mass line is our party's basic line for work. The masses are the power of reform and development and the foundation of stability. Under the new situation, we should use the mass viewpoint and line to educate the masses. Leading cadres at various levels should uphold the basic thinking on work of doing everything for the people and relying on people to do everything, and should spare no effort to do practical things and seek benefit for the masses. We should always be concerned with the well-being of the masses, think what the masses think, worry about what the masses worry about, do what the masses look forward to, and unceasingly increase the income of people in cities and townships on the basis of developing the economy and increasing efficiency. We should regard whatever is involved with the interests of the masses as the priority issue and actively and steadily attend to it from a po-

litical perspective in an effort to satisfy the masses and help them feel relieved. We should attach great importance to and conscientiously carry out various tasks for safeguarding stability, further strengthen comprehensive management of public security, and guarantee that people can live and work in peace and contentment. We should continuously do a good job in stabilizing prices, strengthen market management, and safeguard the interests of the broad masses of consumers. We should regard transforming shabby and dangerous houses as priority, grasp the construction of residential houses, successfully carry out good things, and unceasingly improve the living conditions of the masses. We should devote great efforts to firmly and successfully carrying out the reemployment project, the work of supporting poor areas and eliminating difficulties, the activity of caring for the wellbeing of the people, and other practical things for the masses.

To successfully carry out various tasks, we should wholeheartedly serve the working class and give full play to the enthusiasm and creativity of workers, peasants, intellectuals, and the broad masses of people. Leading cadres at all levels should regularly go down to grass-roots organs and the masses, conscientiously listen to their opinions and suggestions, and pool the wisdom of the masses. We should let the masses discuss some difficult issues cropping up in the course of reform and construction, let the masses make suggestions and try to find a way out, and extensively carry out various activities of offering plans and exerting efforts. We should perfect various systems for establishing ties with the masses, pay great attention to people's letters and visits, further expand the channels for establishing contacts with the masses, and rely on the broad masses of people to successfully carry out various tasks.

D. The key to successfully carrying out work lies in leading cadres, so we should give full play to the exemplary and leading role of leading cadres in various tasks.

After the political line and major policies are defined, it is the cadres who help determine how well the line and policies are carried out. Where the leading cadres are good and leading bodies are strong, the work there can be successfully carried out. To successfully carry out the work for the year 1996, the tasks are arduous, the difficulty is big, and the crux of this matter lies in cadres, particularly the leading cadres at and above the department, committee, office, district, county, and bureau level. Whether we can fulfill various tasks for the year 1996 and shoulder the historical mission of invigorating Tianjin is a severe test for various leading cadres. Generally speaking, Tianjin's cadre contingent is good. The significant achievements



made during these years and the good situation in Tianjin are closely related to the arduous efforts of Tianjin's cadre contingent. But at the same time, we should also notice that some unavoidable problems still exist among leading cadres and this cannot meet the demands of the situation and tasks. For instance, some comrades are dispirited, and lack devotion and working enthusiasm. Some do not work hard, muddle through their work, go through the motions, and drift along. Some try to avoid contradictions and difficulties and shift responsibility onto others. Some fail to deeply carry out work, to work in a down-to-earth manner, and to exert real efforts. Some pay attention only to formalities. A few people fail to pay attention to their work, pursue enjoyment, seek ease and comfort, use their power to seek profits, keep aloof from the masses, and even take the path of violating the law and committing crimes. We should pay great attention to these problems existing in the cadre contingent, conscientiously deal with them, and realistically resolve them.

During this year we should place a high priority on the building of cadre contingents and give full play to the exemplary and leading role of leading cadres at various levels. The leading cadres at all levels should fully recognize the burdens they shoulder and consciously set strict demands on themselves. 1) We should emphasize politics, and this includes political orientations, stands, viewpoints, discipline, the ability to be discriminating politically, and political sensitiveness. We should steadfastly carry out the party's basic theories, line, and guiding principles and maintain unity with the party Central Committee in terms of politics, ideology, and action. 2) We should have a strong sense of being public servants and a sense of ardently loving and serving people. We should wholeheartedly serve the people, use outstanding work achievements to benefit people, and use a fine political atmosphere to win people's trust. 3) We should have a strong party spirit and attach prime importance to the party's undertakings and the interests of the people. We should put pressure on ourselves with heightening spirit and immense enthusiasm, forge ahead with heavy tasks, work conscientiously, and be selflessly dedicated. 4) We should have lofty moral character, freeing ourselves from corruption and working selflessly for the public interest. We should conduct ourselves with dignity, wake up to reality, maintain self-vigilance, encourage ourselves, be strict with ourselves, be upright, and fight against various negative and corrupt situations. 5) We should bring forth new ideas, advance in a pioneering spirit, dare to be pioneers, and creatively carry out work. We should strive for real and practical results and strictly avoid idle talk, formalism, and engaging in fraud. We should resolutely reduce meetings, documents, and unnecessary dinner parties and entertainment activities. In brief, leading cadres at all levels in Tianjin should conscientiously carry out the demands presented

by General Secretary Jiang Zemin and stress study, politics, and healthy trends. We should greatly encourage the trend of seeking truth from facts, starting undertakings through painstaking efforts, practicing thrift, and sincerely seeking people's interests. We should resolutely wipe out formalism, bureaucracy, extravagance, waste, the pursuit of profits by power, and various unhealthy trends and evil practices. Various levels of leading cadres should truly devote major efforts to economic construction, reform, opening up, the building of spiritual civilization, and party building; honestly and diligently perform official duties; be dignified and imposing; work diligently and conscientiously; and invigorate the local economies, make the local people rich, and safeguard the security of the localities during their terms of office.

To promote the exemplary and leading role of leading cadres, we should depend on our own efforts and the enhancement of quality, education, systems, and mechanisms. In 1996, we should further strictly carry out the system in which leading cadres: assume responsibility for fulfillment of their assigned targets; improve mechanisms that encourage and restrict leading cadres; strengthen appraisals and assessments; pay attention to their practical work; actually take the accomplishment of their assigned work as a key basis for appointments, promotions, demotions, and rewards or penalties; and strive to ensure that "the able bodied are promoted, the mediocre give way to others, the incompetent are demoted, and the bad are eliminated." In line with the work demands, we should realistically do a good job in readjusting leading bodies and exchanging leading cadres, energetically promote reform of the cadre personnel system, and comprehensively carry out the state's public servant system. Various levels of party organizations should set strict demands on leading cadres and strictly manage and supervise them. Only in this way can we really take good care of cadres, take responsibility for the party's undertakings, and train a tough cadre contingent.

Comrades, the year 1996 is the first year for implementing the Ninth Five-Year Plan and also an important year for making a good start in realizing the trans-century fighting objectives. The broad masses of party members, cadres, and people across the municipality should uphold Deng Xiaoping's Theory of Building Socialism With Chinese Characteristics and the party's basic line, more closely rally around the Party Central Committee with Comrade Jiang Zemin as the core, work with one heart and one mind, advance in a pioneering spirit, work hard in a down-to-earth manner, make new progress, scale new heights, and strive to realize the grand objective of further promoting Tianjin's prestige.



**PRC: Commentator Urges Early Establishment of '3 Links'***OW1302091496 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 12 Feb 96**[From the "News Square" program]*

**[FBIS Translated Text]** The question of establishing the three links [of mail, air and shipping services, and trade] concerning the people on both sides of the strait has not yet been settled. Station commentator Yi Xin has written a special news commentary entitled: Open Cross-Strait Three Links, the Sooner the Better. Our news presenter will now read the commentary:

As China's resumption of exercising sovereignty over Hong Kong and Macao is approaching day by day, opening the three direct links between the two sides of the strait should be put on the agenda at an early date. It is better for the Taiwan side to immediately hold consultations on the question of the three links by proceeding from practical interests in response to the mainland's proposal rather than being compelled to open three links after 1997.

Chinese Communications Minister Huang Zhendong recently stated: Opening cross-strait direct three links is a practical move for the people on each side of the strait to conduct exchanges and develop economic and trade relations. This stand has received the understanding and support of the broad masses of Taiwan compatriots.

Chinese Posts and Telecommunications Minister Wu Jichuan recently put forward a five-point proposal, including opening cross-strait mail routes to directly exchange postal items; constructing a cross-strait under-sea optical fiber cable to open direct telecommunications and telephone lines between the mainland of the motherland and Taiwan; expanding postal and telecommunications services operated by the posts and telecommunications sectors on both sides of the strait to make cross-strait information more accessible; strengthening links and cooperation in such areas as economy, technology, culture, and education between the postal and telecommunications sectors of the two sides of the strait; and holding consultations on opening mail and telecommunications services by units concerned from the two sides of the strait under an appropriate name for the meeting, and through various channels while the principle of one China is upheld.

Nevertheless, the Taiwan authorities have put up many man-made obstacles to the opening of three links. The Program for National Unification defines: Before the mainland gives up the use of force and so long as it does not recognize that Taiwan is a political entity, the two sides of the strait should not open to each other, and

not open air and shipping services. Recently people from all sectors on the island have criticized and questioned the wisdom of the preconditions set by the authorities one after another. Hou Chia-chu, economics professor with Taiwan-based Tungwu University, pointed out: It is impossible for the Chinese Communists to relent (song kou) toward the precondition of Taiwan's opening of three links. Thus opening three links will never, ever be achieved. Taiwan will inevitably land itself in a hopelessly futile situation in which it is isolated from the international community.

Taiwan's presidential candidate Lin Yanggang [Lin Yang-kang] has pointed out: Li Denghui [Li Teng-hui] should assume primary responsibility for tension across the Taiwan Strait. He said: In the past eight years since Li Denghui took office, he has not only failed to promote cross-strait exchanges but has put up numerous barriers to obstruct exchanges and cooperation between the two sides. Li Denghui has opposed the west bound policy [moving toward the mainland in the west]; called for the south bound policy [moving toward Southeast Asia in the south]; refused talks on establishing the three links; and described the mainland in such language as hard-headed and bandits, thus triggering tension across the strait. Refuting Li Denghui's claim that Li himself had turned the previous hostility to the present peaceful exchanges between the two sides, Lin Yanggang and Hao Bocun [Hao Po-tsun] said: It was Chiang Ching-kuo who, in 1987, had the foresight to lift the Martial Law and the ban on family visits to the mainland; Li Denghui does not have such vision.

Taiwan's Minister of Transportation and Communications Liu Zhaoxuan [Liu Chao-hsuan] has stated: Except for direct air and shipping services, which involve the exchanges of people and cargoes, there is no problem in cross-strait telecommunications and mail exchanges. The Ministry of Transportation and Communications has already mapped out the plan for direct air and shipping services. If we have the support of all people, the plan can be implemented at anytime.

Taiwan's vice presidential candidate Wang Qingfeng [Wang Ching-feng] said: The key to establishing direct air and shipping services lies in Li Denghui, the top policy-maker in Taiwan. To confuse people's mind, Li Denghui has put aside the simple direct air and shipping services, which can be administered easily by policies, and has instead advocated such odd ideas as special zones and navigation centers outside the territory. Is it possible to effectively control the entry and exits of people and cargoes under the so-called policy on special zones? Can the Taiwan authorities stop various localities on the island from seeking self-development

by becoming special zones? Is this policy an attempt to create or redistribute the interests of the privileged?

On 6 February, legislator Chen Qingbao [Chen Ching-pao] from Jinmen [Quemoy] led dozens of personalities to Taiwan's Mainland Affairs Council to petition the authorities for establishing the three links as soon as possible so as to facilitate exchanges between Jinmen and Xiamen. In addition to requesting the Taiwan authorities give priority to establishing the three links between the Jinmen-Mazu [Matsu] area and Xiamen, they also petitioned the authorities for permission for people in Jinmen and Mazu to seek emergency medical help at nearby hospitals in Fujian Province, and to connect the islands with irrigation canals in Xiamen to provide water and electricity to the Jinmen-Mazu area.

The people on both sides of the strait are firmly opposed to the Taiwan authorities' political obstacles to and preconditions for establishing the three links; and they demand the Taiwan authorities change their course as soon as possible and, putting the Chinese nation's fundamental interests above anything else, establish the three links across the strait without any precondition.

**PRC: Radio Reports on Ending 'Hostility,'  
Renewing Talks**

*OW1202041296 Beijing Central People's Radio  
in Mandarin to Taiwan 2200 GMT 10 Feb 96*

[From the "News Square" program]

[FBI Translated Text] Dear listeners and friends: It has been one year since the publication of General Secretary Jiang Zemin's speech on continuing the struggle to promote the accomplishment of the great cause of the reunification of the motherland on behalf of the CPC and the Chinese Government. In today's program, we will review the historical background and practical meaning of this important speech together with you.

General Secretary Jiang Zemin's important speech is an important historical document on work toward Taiwan. The principles and policies of the CPC toward the Taiwan issue are always closely linked to the profound changes at home and abroad. The Third Plenary Session of the 11th CPC Central Committee has affirmed the basic principles of emancipating people's minds and seeking truth from facts, and of shifting the focus of the work of the whole party to economic construction. Shortly afterwards, China and the United States established diplomatic relations.

In light of the profound change of situation at home and abroad, our party's second generation leading group with Comrade Deng Xiaoping as the leader concentrated the wisdom of all people across the country

to discover an idea for solving the Taiwan issue and put forward in a timely manner the policies of peaceful reunification and of one country, two systems. It has thus realized a strategic change in our party's policies toward Taiwan. They were reflected in the message from the National People's Congress [NPC] Standing Committee to Taiwan Compatriots on New Year's Day 1979; the nine-point principles and policies put forward by Chairman Ye Jianying [of the NPC Standing Committee] on Taiwan's returning to the motherland and the realization of peaceful reunification on 30 September 1981; and Comrade Deng Xiaoping's talk on the peaceful reunification of China's mainland and Taiwan on 26 June 1983.

In light of the need to develop relations between the two sides of the strait and the new situation of political deadlock between the two sides, in light of the profound change of the Taiwan authorities, in light of the gradual development of separatist trend in Taiwan, in light of the mounting activities of Taiwan independence, in light of the new situation of the Taiwan authorities' continuing efforts to delay the course of reunification, and in light of the objective fact that certain international hostile forces' have repeatedly used the Taiwan issue to interfere with China's internal affairs and obstruct the course of China's reunification, the leading group of the third generation with Comrade Jiang Zemin as the core has put forward in a timely manner a series of fundamental principles and policies on the Taiwan issue in line with the policy of peaceful reunification and one country, two systems formulated by the leading group of the second generation with Comrade Deng Xiaoping at the core.

On 26 September 1989, in meeting with reporters from Taiwan, Comrade Jiang Zemin talked on the Taiwan issue and later he made a series of important speeches on the Taiwan issue. They included his talk at the national conference on united front work on 11 June 1991; his talk at a forum to mark the 55th anniversary of the Xian incident on 11 December 1991; his views on Taiwan in his report to the 14th CPC National Congress on 12 October 1992; his talk in a meeting with concerned responsible persons to mark the anniversary of the founding of the Association for Relations Across the Taiwan Strait on 15 December 1992; his talk when meeting with the chief editor of "U.S. News and World Report" on 23 February 1993; his talk at a meeting on economic work with Taiwan on 11 April 1994; his important speech on the Taiwan issue made on behalf of the CPC and the Chinese Government on 30 Jan 1995; his talk at a rally to mark the 50th anniversary of victory over fascism and Japanese aggression on 3 September 1995; and 24 October 1995 at meeting to mark the 50th

anniversary of the United Nations. They have formed an ideological system on the Taiwan issue.

General Secretary Jiang Zemin's important speech on continuing the struggle to promote the realization of the great cause of the reunification of the motherland is a concentration of the political wisdom of the third generation of the CPC leading group. It has wholly, systematically, and profoundly explained the basic principle of the CPC for peaceful reunification and one country, two systems, and has put forward a very constructive proposition for promoting relations between the two sides of the Taiwan Strait and the cause of the reunification of the motherland. This is a programmatic document of the CPC for realizing the reunification of the motherland in the new period and a historical statement [wen gao].

General Secretary Jiang Zemin's important speeches are the political declaration of the third generation of the CPC leading group for realizing peaceful reunification of the motherland. The highest principle of the CPC and the Chinese Government for solving the Taiwan issue is adherence to the principle of one China, which is also the core of the third generation of the CPC leading group in resolving the Taiwan issue and realizing the peaceful reunification of the motherland. The nucleus of General Secretary Jiang Zemin's eight-point proposal for promoting the peaceful reunification of the motherland is precisely stressing the principle of adhering to one China. There is only one China in this world. Taiwan is an inalienable part of China. The PRC Government is the sole legitimate government representing all of China and is also the sole legitimate representative in the United Nations. The sovereignty and territory of China shall never be allowed to split. In order to defend the independence, sovereignty, and reunification of the country, the Chinese people have waged prolonged and undaunted struggles. China's sovereignty is enjoyed jointly by all 1.2 billion Chinese people, including compatriots in Taiwan. It certainly does not just belong to certain people in Taiwan and will never be allowed to be changed by some people in Taiwan. Although Taiwan and the mainland are not yet unified, China has indisputable [wu ke zheng bian] sovereignty over Taiwan. Regardless of the political tricks played by the Taiwan authorities and despite the change in method of selecting leaders in Taiwan, neither the fact that Taiwan is a part of Chinese territory nor the fact that leaders in Taiwan are leaders of a region of China can be changed. The Taiwan authorities and the Taiwan independence forces want to use the change in method of selecting leaders in Taiwan to carry out activities to split the motherland under the cloak of legality. This is totally useless. We resolutely oppose

all words and actions creating Taiwan independence; we resolutely oppose splitting and separate rule [fen lie fen zhi], two China's as a phase and one country with two governments [yi guo liang fu], and other suggestions in violation of the principle of one China.

We resolutely oppose the scheme of setting the Taiwan compatriots' interests against the integral [zheng ti] interests of the Chinese nation. Compatriots in Taiwan can truly enjoy the respect and honor of the great motherland only after the reunification. Our call for adherence to the principle of one China is the basis for the steady development of relations between the two sides of the Taiwan Strait, and is also the foundation and prerequisite for realizing peaceful reunification. Any principle which runs counter to one China and all activities to create two Chinas or one China and one Taiwan in the international arena will certainly influence the stability of relations between the two sides of the Taiwan Strait, and they will also effect the stability and prosperity in Taiwan and hurt the personal interests of Taiwan compatriots.

The Taiwan authorities have adhered to the stand of splitting the motherland and opposing the principle of one China, stepped up their efforts to collaborate with foreign anti-China forces in disregard of the national righteous cause, advocated gaining space for international survival, and wanted to create two Chinas or one China and one Taiwan. Those activities have directly undermined the basis for developing relations between the two sides of the Taiwan Strait and have caused serious setbacks and retrogression of relations between the two sides. These perverse activities will naturally be opposed resolutely by people of the whole country, including compatriots in Taiwan.

We should adhere to the method of using peaceful negotiations [he ping tan pan] to solve the Taiwan issue. The CPC leading group of the third generation with General Secretary Jiang Zemin at the core has put forward the call for holding peaceful negotiations between the two sides of the Taiwan Strait in light of the actual situation of the development of relations between the two sides of the Taiwan Strait and the development of situation on Taiwan on the basis of the basic principle of peaceful reunification and one China, two systems.

The idea of holding peaceful negotiations between the two sides of the Taiwan Strait was put forward through a period of time. On 11 June 1990, General Secretary Jiang Zemin, in his speech at the national meeting on united front work, pointed out that realizing the reunification of the motherland through peaceful negotiations has been the persistent stand of the CPC for many years. Mao Zedong and Zhou Enlai, the first



generation leading group of the CPC, put forward the view that peace is a precious thing and those who love the country belong to the same family and they hoped the Taiwan authorities would hold talks with the CPC on how to solve the Taiwan issue in a peaceful manner. The idea put forward by Comrade Deng Xiaoping on realizing the reunification of the motherland in the form of one country with two systems is the best way to realize the reunification of China, which takes the interests of all sides into consideration and is based on the actual conditions.

In his speech, General Secretary Jiang Zemin for the first time clearly called for holding talks [tan pan] between the CPC and the Chinese Kuomintang [KMT] on an equal basis [dui deng]. So long as the two sides can sit down and discuss matters about the reunification of China based on the principle of one China and [the Taiwan side] can refrain from practicing two Chinas, one China and one Taiwan, and one country with two governments, all problems can be raised for discussion. The proposal was put forward based on the current position, role, and situation of the two parties. It is also to avoid inconveniences to the Taiwan side. Meanwhile, prior to the negotiations, during the course of negotiation and when the two sides sign agreements or exchange opinions, representatives of other parties, mass organizations and people of various circles of the two sides of the strait may also be accepted to take part in negotiations.

In December 1990 the CPC Central Committee held a meeting on work toward Taiwan. General Secretary Jiang Zemin delivered an important speech at the meeting. The meeting emphatically pointed that the KMT and the CPC should make contacts and hold negotiations as quickly as possible. The talks could be held at a high level and could also be started at a relatively low level. The two sides could first discuss the issue of reunification or first discuss how to promote exchanges and the three direct contacts between the two sides of the Taiwan Strait. Many problems could be solved so long as talks are started. On 7 June 1991 the CPC Central Committee entrusted the responsible person of the Taiwan Affairs Office to suggest that the KMT and the CPC send representatives to make contacts and hold negotiations on formally ending the state of hostility between the two sides and gradually realizing peaceful reunification, and that the two sides could also discuss other issues of concern to the Taiwan authorities on the basis of adhering to the principle of one China. In his speech at the rally to mark the 70th founding anniversary of the CPC in July the same year, General Secretary Jiang Zemin pointed out that the CPC and the KMT have

a heavy historical responsibility for the reunification of the country and that the two sides should dispatch representatives to hold negotiations in a direct manner so as to gradually reach a principled agreement [yuan ze xie yi] on reunifying the motherland. In December the same year, General Secretary Jiang Zemin in his speech at the forum to mark 55th anniversary of the Xian incident clearly called for holding negotiations between the CPC and the KMT on formally ending the state of hostility between the two sides of the Taiwan Strait, realizing the three direct contacts between the two sides early, having two-way exchanges, and gradually realizing peaceful reunification of the motherland. On 12 October 1992, in his report to the 14th CPC National Congress, General Secretary Jiang Zemin reiterated that the two parties should hold talks on formally ending the state of hostility and gradually realizing peaceful reunification. He also pointed out that, under the premise of one China, all issues can be discussed, including the method of formal talks between the two sides. The two sides can discuss and find a way suitable to both sides. In March 1993 Premier Li Peng in his government work report called on the two sides of the Taiwan Strait to make contacts as quickly as possible and hold negotiations on ending the state of hostility between the two sides of the Taiwan Strait and gradually realizing peaceful reunification. He expressed that, in addition to contacts between the KMT and the CPC, the CPC also welcomes contacts with all other political forces which oppose Taiwan independence and are in favor of peaceful reunification. On 30 January 1995, General Secretary Jiang Zemin in his speech again solemnly suggested holding negotiations on formally ending the state of hostility between the two sides of the Taiwan Strait and gradually realizing peaceful reunification. He also suggested that, as a first step, the two sides could first hold talks and reach an agreement on formally ending the state of hostility between the two sides under the principle of one China. On this basis, the two sides should jointly share obligations and safeguard China's sovereignty and territorial integrity and make plans for developing relations between the two sides in the future. As to the name, location, and method of the talk, the two sides can always find a solution acceptable to both sides. This suggestion has fully demonstrated the political wisdom and strong desire of the CPC's third generation leading group to solve the Taiwan issue, and has provided a historical opportunity for creating a new situation of relations between the two sides. As pointed out by Premier Li Peng, the suggestion has taken into consideration the creation of a good and safe environment for the development of relations between the two sides, of Taiwan compatriots' vital interests, and of the fact that the realization of peaceful reunification

will require a period of time and must be realized gradually through overall planning.

The main contents of the CPC's third generation leading group's views on holding peaceful negotiations between the two sides of the Taiwan Strait include adherence to the principle of one China, which is the foundation and prerequisite for holding peaceful negotiations between the two sides, direct contacts and negotiations on an equal basis, mutual respect and equal footing. So long as the two sides can proceed from the overall situation of relations between the two sides, all problems can be solved in a sincere manner.

The main bodies of peaceful negotiations between the two sides of the Taiwan Strait can be the CPC and the KMT, can be organizations entrusted by the two sides, and can include representatives of various parties of the two sides and influential people. However, the name and type of negotiations should never include such things as the creation of two Chinas, one China and one Taiwan, or one country with two governments. No foreign forces should be allowed to interfere with the negotiations. So long the principle of one China is not violated, the two sides can discuss all kinds of questions.

The subjects of peaceful negotiations between the two sides of the Taiwan Strait can include all issues so long as they don't run counter to the principle of one China. The topics [yi ti] of negotiations can include formally ending the state of hostility [jie shu di dui zhuang tai], the three contacts, the issue of Taiwan's taking part in regional economic organizations, the planning of development of relations between the two sides of the strait, the issue of meetings between leaders of the two sides of the strait, the joint inheritance and carrying forward of the Chinese culture, and the names, places, and methods for peaceful negotiations. However, two Chinas, one China and one Taiwan, and Taiwan independence cannot be included in the subjects for negotiations.

The peaceful negotiations between the two sides can be conducted in phases, can first discuss matters concerning relations between the two sides of the strait, and can discuss matters on peaceful reunification.

The elimination of the state of long hostility between the two sides of the strait is the starting point of peaceful negotiations between the two sides. It will be a breakthrough [tu po kou] for opening the deadlock of relations between the two sides. The two sides can first reach agreement on formally ending the state of hostility under the principle of one China and then gradually discuss how to realize the question of reunification.

The current talk between the two sides of the Taiwan strait on technical matters is a historical first step. It has also objectively created conditions for political negotiations between the two sides of the Taiwan Strait. The purpose of peaceful negotiations is to enhance mutual trust between the two sides, eliminate Taiwan compatriots' political doubts, guarantee the steady development of relations between the two sides, and provide a solid foundation for realizing the great cause of peaceful reunification of the motherland and the prosperity of the Chinese nation.

The solution to the Taiwan issue should adhere to a peaceful manner, but giving up the use of force can never be promised [jue bu cheng nuo]. An important content of Comrade Xiaoping's thinking [si xiang] on peaceful reunification and one country with two system is clearly noting that there are two ways to solve the Taiwan issue. One is the peaceful method, and the other is nonpeaceful [fei he ping] method. Using what method to solve the Taiwan issue is purely China's internal affairs. Foreign intervention shall never be allowed. We firmly adhere to using the peaceful method to solve the question of peaceful reunification through negotiations. Meanwhile, we cannot promise [cheng nuo] that we will fundamentally renounce the use of force [gen ben bu shi yong wu li]. If we give this promise, it will only turn peaceful reunification into an impossibility. It will only lead to solving the problem with force [wu li] eventually.

In the spirit of Comrade Xiaoping's principal proposition on the issue of using force and in view of the situation in Taiwan and the actual conditions of relations between the two sides of the Taiwan Strait, General Secretary Jiang Zemin has further reiterated the need to solve the Taiwan issue by using peaceful methods, but will never promise [jue bu cheng nuo] the stand of giving up the use of force. The fundamental content is that the solution to the Taiwan issue is purely China's internal affair and that China will never promise giving up the use of force. Because in this way it will be more conducive to solving the Taiwan issue through peaceful methods. We cannot promise giving up the use of force. This is definitely not directed at Taiwan compatriots, but is directed at foreign forces' interference in China's reunification and splitting activities of creating two Chinas or one China and one Taiwan and of practicing Taiwan independence. In case there is the emergence of the situation of splitting the motherland, regardless of international hostile forces abroad or separatist forces in Taiwan, we cannot avoid the use of nonpeaceful methods. The CPC and the Chinese Government have the determination, capability, and methods to use all necessary means to protect state sovereignty and territorial



integrity. Chinese will not fight against Chinese (zhong guo ren bu da zhong guo ren).

It has been the CPC's consistent policy to firmly oppose any attempts to create two Chinas, one China and one Taiwan, or an independent Taiwan. What we Chinese people must note is that there is indeed a force on the island which is trying to divide the country, create two Chinas, one China and one Taiwan, or an independent Taiwan; and to undermine the reunification of the motherland. This adverse political current, which goes against the Chinese nation's fundamental interests and the common aspirations of countrymen on both sides of the strait, is wildly attempting to divide Taiwan from China. Not only has it constituted a serious threat to China's sovereignty and territorial integrity and obstructed China's peaceful reunification process, but also has threatened the peace, stability, and development of the Asia-Pacific region. The Taiwan authorities must be held responsible for the increasingly rampant activities carried out by the Taiwan independence force on the island. The artificial barriers which the Taiwan authorities have set up to obstruct the normal development of cross-strait relations and friendly contacts; their efforts in creating two Chinas, or one China and one Taiwan; and their attempts to maintain the divisive state on the two sides for a long time to come have actually encouraged and abetted the growth of the Taiwan independence forces. Moreover, in recent years the Taiwan authorities have forsaken the one-China principle and gone all out to peddle that Taiwan is an independent sovereign state and to promote their flexible and pragmatic diplomacy. They have also attempted to join the United Nations and other international organizations in which only sovereign states can be members, and to promote dual recognition. Their fundamental objective is to create an independent Taiwan.

The Chinese Government and people firmly oppose the creation of two Chinas, one China and one Taiwan, or an independent Taiwan in any form; and firmly oppose all words and deeds of the Taiwan authorities which go against the one-China principle. No attempts to divide the motherland will succeed. The Chinese people, including the people on Taiwan, will absolutely not tolerate any attempts made by any force to create an independent Taiwan and divide China. These attempts are doomed to failure. Cross-strait relations cannot develop steadily and normally unless the Taiwan authorities give up their attempts — in words and in deeds — to create two Chinas, one China and one Taiwan, or an independent Taiwan. As long as the Taiwan authorities continue to uphold their stand and proceed with their activities of dividing the motherland, the Chinese Government and people will not stop fighting separation and

Taiwan independence. The struggles being launched by the Chinese Government and people against separation and Taiwan independence are essential and effective. They have genuinely demonstrated China's determination and ability to safeguard its sovereignty and territorial integrity.

The Taiwan issue is strictly China's own business. The Taiwan issue is an important political issue of principle having a close bearing on China's sovereignty, territorial integrity, and national reunification. The Chinese Government has the right to decide what form it is going to use to settle the Taiwan issue. We Chinese people can handle our own business. We firmly oppose any interference by foreign forces involving themselves in the Taiwan issue and undermining China's reunification cause. It is the Chinese people's sacred obligation to settle the Taiwan issue and reunify the motherland. This is a task which all the Chinese people, including our countrymen in Taiwan, are determined to accomplish. This is an aspiration of the whole nation. This is an irresistible historical tide. The Chinese people do not want to see the current divided state continue for a long time to come on the two sides. Reunification of the two sides is in the fundamental interests of the Chinese nation and it is the common aspiration of the Chinese people of all ethnic groups. As China will soon reestablish its sovereignty over Hong Kong and Macao, this is the time for us to reunify and revitalize our motherland. All the Chinese people should therefore unite together, hold high the great banner of patriotism, insist on reunifying the country, oppose separation, and go all out to promote the development of cross-strait relations and accomplish the great cause of reunifying our motherland.

Positive efforts should be made to promote the development of cross-strait relations, and conditions should be created for peaceful reunification. Countrymen on both sides of the strait are tied by blood, we share the same destiny, and have the same fundamental interests. We should face the economic development in the world during the 21st century and make great efforts to develop cross-strait economic exchange and cooperation so that both sides will enjoy economic prosperity and the Chinese nation as a whole will benefit.

The CPC proposes that the two sides' economic cooperation should not be affected or interfered with by political differences. The CPC will continue to uphold the policy of encouraging investments from Taiwan and will, for a long time to come, implement the PRC Law for the Protection of Taiwan Compatriots' Investments. Under all circumstances, the CPC will make sure that Taiwan businessmen's legitimate rights and interests will be safeguarded. To promote understanding and mutual trust, the CPC will continue to promote mutual con-



tacts and exchanges between countrymen on the two sides, and will also take practical steps to accelerate the process of achieving the three contacts. On the basis of reciprocity for mutual benefits, the CPC stands for discussing and signing a nongovernment accord on regulations for protecting Taiwan businessmen's investments. China will not object to Taiwan's development of nongovernmental economic and cultural ties with foreign countries. Countrymen of the two sides should work together in inheriting and carrying forward the Chinese nation's fine cultural traditions. The CPC fully respects Taiwan countrymen's living style and their wishes to be their own masters, fully understands Taiwan countrymen's quest for greater political democracy, and fully protects all the legitimate rights and interests of Taiwan countrymen. The CPC welcomes all political parties and people of all circles in Taiwan to come to the mainland for exchanging views with the CPC on cross-strait relations and peaceful reunification, as well as for visits and sightseeing. The CPC wants Taiwan to have a stable society, fast economic growth, and affluent life. It is hoped that all parties in Taiwan will promote the development of cross-strait relations in a sensible, forward-looking, and constructive approach. Leaders on the two sides may visit each other and meet to discuss state affairs and exchange views on certain specific issues. Meetings of leaders of the two sides would be insignificant unless the one-China principle is upheld. Countrymen on the two sides of the strait should join hands in creating the conditions for promoting the development of cross-strait relations and achieving the great cause of peaceful reunification of our motherland. These general and specific policies toward Taiwan fully prove that the third-generation leading collective with General Secretary Jiang Zemin as the core is trying to solve the Taiwan issue from the standpoint of taking the Chinese nation's overall interests into account. The policies that have been formulated and executed are very pragmatic, they are in the fundamental interests of people on both sides of the strait, and they certainly will play an important role in promoting our motherland's peaceful reunification.

The Taiwan issue is one which has a close bearing on China's sovereignty, territorial integrity, and national reunification; it is an issue in which the 1.2 billion Chinese people's national feelings must be respected; and it is also the core political issue having an impact on Sino-U.S. relations. The issue of Taiwan-U.S. relations is the core issue to be dealt with by the three joint communiques which lay the foundation of Sino-U.S. relations. The U.S. Government has acknowledged in explicit terms that there is but one China, Taiwan is part of China, the PRC is the only legitimate government of China; and that, within this framework, American

people will maintain cultural, commercial, and other unofficial relations with the people on Taiwan. The U.S. Government has stated that it does not seek to carry out a long-term policy of arms sales to Taiwan. It also has promised to gradually reduce its sale of arms to Taiwan, leading to a final resolution. The principles prescribed in the three joint communiques are basic principles guiding Sino-U.S. relations. However, there are invariably some people in the U.S. Government who do not want to see a reunified and strong China, and they always want to use the Taiwan issue to interfere in China's internal affairs, infringe upon China's sovereignty, and undermine China's reunification cause.

Since the 1990's the United States has every now and then revealed its hegemonist features over the Taiwan issue, and this phenomenon has directly undermined the principles prescribed in the three Sino-U.S. joint communiques and runs counter to the one-China policy which it has committed to uphold. This phenomena is particularly noticeable with respect to arms sales to Taiwan and upgrading its unofficial relations with Taiwan. The United States' approval for Li Denghui to visit the United States, in particular, was a prominent display of U.S. hegemonism. Taking the opportunity of his U.S. visit, Li Denghui went all out to create two Chinas, or one China and one Taiwan. The U.S. Government's act has seriously shaken [yan zhong dong yao] the foundation of Sino-U.S. relations, seriously hurt the Chinese people's feelings, and produced bad effects internationally.

China attaches great importance to Sino-U.S. relations. The healthy and normal development of Sino-U.S. relations is in the fundamental interest of the two peoples, and is also in the interest of the normal development of the international situation. Cooperation between China and United States will benefit both countries, and both will be hurt if we confront each other. On the Taiwan issue, the Chinese Government and the Chinese people are jealous of their national sovereignty and territorial integrity. We will never casually regard any action that infringes upon China's sovereignty and undermines China's territorial integrity. We will never concede on issues of principle. The problems now facing Sino-U.S. relations are created entirely by the United States as a result of permitting Li Denghui to visit the United States, and therefore the U.S. Government must take effective measures to remove the grave consequences [yan zhong hou guo] created by Li Denghui's U.S. visit. We have taken note that the U.S. Government has reiterated that it will abide by the three Sino-U.S. joint communiques; uphold the one-China policy; oppose the proposal for one China, or one China and one Taiwan; and oppose Taiwan independence and Taiwan's UN membership.

We have also taken note that the United States now understands the sensitivity and gravity of such incidents as Li Denghui's U.S. visit. From now on, matters concerning U.S.-Taiwan relations must be strictly limited to unofficial and private areas, (to be kept to a minimum), and be handled case by case. The key requirement is that the United States must take actions to scrupulously abide by the principles prescribed in the three Sino-U.S. joint communiques so that Sino-U.S. relations can return to the track of healthy and steady development. In the spirit of increasing mutual trust, reducing troubles, developing cooperation, and not engaging in confrontation, the Chinese Government wants to work with the U.S. Government to improve and develop Sino-U.S. relations. Sino-U.S. relations will not improve or develop

unless they are built on principles governing mutual respect, non-interference of each other's internal affairs, equality, and mutual benefit.

Correctly handling the Taiwan issue is a major issue of principle governing Sino-Japanese relations. We hope the Japanese Government will take into account the overall importance of Sino-Japanese friendship, act in accordance with the principles prescribed in the Sino-Japanese declaration on the establishment of diplomatic relations and the Sino-Japanese Treaty of Friendship and Peace, and handle the Taiwan issue properly so that Japan-Taiwan relations will be limited to unofficial and private contacts.

**Taiwan: Ministry Denies Reports of Firing on Mainland Boats***OW1302083296 Taipei LIEN-HO PAO in Chinese  
8 Feb 96 p 3*

[FBIS Translated Text] A military source in Tungyin revealed yesterday [7 February] that Tungyin Island has been "besieged" by a large number of mainland fishing boats for one to two weeks. Since Communist Chinese fishing-affairs boats led the pack, the military says Communist China's intention was far from simple. Yesterday, when those fishing boats interfered with the docking of the navy's AP [expansion unknown] transport vessel at Tungyin, troops opened fire to chase them away.

The Defense Ministry, however, denied that Tungyin troops had fired on and chased away mainland boats. It also flatly denied the report of "an exchange of shots" between Tungyin troops and mainland fishing-affairs boats.

Yesterday evening, the National Army's Tungyin Command also denied the report of an "exchange of shots" between troops and Communist Chinese fishing-affairs boats. The military in Tungyin is also investigating the report.

Yesterday at 2030, a reporter of this paper called the commanding officer of the National Army's Tungyin Command for confirmation of the reported "clash" between troops and Communist Chinese fishing-affairs boats and was told that since the commanding officer had already retired for the night, it would be inconvenient for him to answer. The same person emphasized that he had also received many similar calls the previous night asking for confirmation of the report. He said the command does not know why there was such a report.

The same military source revealed that although the Tungyin troops continued shooting to chase away the approaching mainland fishing boats and fishing-affairs boats, it cannot be said there was an "exchange of shots" because "the other side did not return fire." To be sure, the situation was a bit tense, since a large number of fishing boats tried to approach the island; but since the Tungyin troops have experience in coping with similar incidents, the military said the people need not worry.

Still, the military source confirmed that the voyage of the navy's AP transport ship to Tungyin was indeed cancelled abruptly following contacts with the navy's 46th Transportation Command, because of security concerns voiced by the Tungyin troops. The transport vessel was supposed to take military supplies to Tungyin yesterday afternoon and bring officers and men on leave from Tungyin back to Taiwan.

It was reported that the mainland fishing boats and fishing-affairs boats that had "besieged" Tungyin regrouped near the coast and tried to close in on the island in disregard of the troops' firing. The local troop commander has ordered the troops to increase vigilance in preparation for coping with any contingency.

Another version of the report quotes Tungyin residents as saying the main reason for the AP transport vessel's failure to dock at Tungyin's Chongchu harbor yesterday was that a tugboat at Chongchu Harbor developed a mechanical problem and prevented the AP transport vessel from docking. As a result, passengers on Tungyin were forced to take another transport vessel to Taiwan.

The military said the origin of the report of an "exchange of shots" might be traced to a mainland fishing boat that sank after hitting a reef off the Tungyin coast on the evening of 28 January. Only one of the six mainland crew members was rescued, and the other five were missing. On the same day, Tungyin troops carried out a live-fire shooting drill that might have been misreported as an "exchange of shots."

It has also been learned that Tungyin troops found a person in distress on a reef in Luohanping waters on the same day. Because of bad weather conditions, the amphibious troops' speedboat was unable to render assistance. Mainland fisherman Chen Song, aged 23, of Fujian's Huangqi county, was rescued the following morning by Kuanghua fishing boat number 52508 from Tungyin, after being trapped on the reef overnight.

Chen Song claimed that he and five other fishermen departed Fujian's Huangqi port on the morning of 28 January to dynamite fish near the coast of Tungyin. Because of poor nighttime visibility, their boat hit a reef and sank. Only Chen Song managed to climb onto a reef. Five other fishermen are still missing; it is not known if they are still alive.

In view of the Tungyin troops' shooting practice on that day, and to avoid giving a wrong impression to the Communist Chinese that the National Army had sunk the mainland fishing boat, some Tungyin fishermen contacted mainland victims' families on their own initiative and offered to take the victims aboard their fishing boats.

**Taiwan: Ministry Reports No Mainland Troop Movements 11 Feb***OW1202133296 Taipei Voice of Free China  
in English 0200 GMT 12 Feb 96*

[FBIS Transcribed Text] Unconfirmed reports in Hong Kong and the United States have said communist China



is planning to stage a large-scale military exercise aimed at influencing the outcome of the presidential election.

The Ministry of National Defense on Friday confirmed recent movements of troops in southeastern mainland China, but yesterday said it has not yet detected any indicators that an exercise has actually begun.

**Taiwan: Chiang Reports Mainland Forces Moving Toward Coast**

OW1302014996 Taipei CNA in English  
0129 GMT 13 Feb 96

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, Feb. 12 (CNA) — Defense Minister Chiang Chung-lin confirmed Monday that Beijing has begun to move military troops toward southeastern Mainland China, but that there is no sign of large movements of troops.

Chiang said that from all indications, Mainland China may be preparing for large-scale military maneuvers.

Chiang made the remarks at a special meeting convened by Premier Lien Chan. The meeting followed recent reports that Beijing will hold a large-scale military exercise opposite Taiwan as a way of intimidating the island in the run-up to the ROC [Republic of China] presidential election, scheduled for March 23.

Chiang said Beijing is planning to upgrade the scale of military maneuvers, conduct missile tests, increase harassment of Taiwan fishing boats near Taiwan's offshore islands, as well as create disturbances in Taiwan.

Lien, on hearing Chiang's report, said that cross-strait relations should not deteriorate into military confrontation, and he urged Beijing to exercise "self-restraint."

Lien said the recent reports that Mainland China would mass 400,000 troops in its coastal provinces facing Taiwan were "completely false," and could have been meant as an attempt to influence Taiwan's economic development, local stock market and financial stability.

Chiang said that mainland ground forces from the Nanjing military region have been moving toward southeastern Mainland China since January, and have conducted assault, defense and anti-riot training. In addition, he added, military divisions in southeastern Mainland China are moving toward northern Fujian Province.

He said that the number of military planes flying to and from Fujian air bases has also increased, and that naval forces in the coastal areas of southeastern Mainland China have also stepped up activities. Communications

between forces in the Nanjing military region have also increased, he said.

Chiang said the ministry will keep a close watch over the movement of Mainland Chinese forces, and is preparing for any contingency.

Premier Lien said the National Defense Ministry will keep the public updated on movements of mainland troops, adding that the government will not let false reports sway local economic development and financial stability.

**Taiwan: Chiang Says Mainland 'Poses No Imminent Threat'**

OW1302022796 Taipei CNA in English  
0135 GMT 13 Feb 96

[By Maubo Chang]

[FBIS Transcribed Text] Taipei, Feb. 12 (CNA) — Communist China poses no imminent threat to Taiwan's security, Foreign Affairs Minister Chien Fu said on Monday.

Chien told Democratic Progressive Party leaders in the Legislative Yuan that the ROC [Republic of China] government is watching closely the situation across the Taiwan Strait, and is also seeking international support in the event of a military conflict with Beijing.

Legislative Yuan DPP [word indistinct] Chang Chun-hung, his Lieutenant, Wong Chin-chu, and the secretary-general of the DPP caucus, Yen Chin-fu, called on Chien on Monday afternoon to exchange views on Taiwan's security.

The three DPP legislators asked Chien why the government has played down Beijing's threat to Taipei, when at the same time Washington has warned Taipei of Beijing's military ambitions.

Chien said that what Washington is doing is trying to forestall a crisis from flaring up.

So far, there is no sign that Beijing is ready to launch a military attack against Taiwan, said Chien, adding that most of the foreign media reports about Beijing's threats against Taiwan have been false.

Mainland China has repeatedly said that it would not rule out the use of force against Taiwan should the island declare independence or a foreign force invade, or to quell an internal disturbance.

Chien urged the populace to remain calm and be careful not to provide Mainland China with any excuse to attack Taiwan.

According to Chien, the only unpredictable element in the cross-strait relationship is the internal power struggle occurring in Beijing. Should hard-liners prevail, he said, Taiwan could be plunged into a crisis.

#### **Taiwan: Chiang Views Mainland's Military Drill**

*OW1302095896 Hong Kong AFP in English  
0913 GMT 13 Feb 96*

[FBIS Transcribed Text] Taipei, Feb 13 (AFP) — China is deploying up to 150,000 men for a forthcoming large-scale military drill, the closest to Taiwan in Beijing's recent bout of sabre-rattling, Taiwan's defense minister said Tuesday.

But Chiang Chung-lin said the planned exercises are "routine", and said intelligence suggests China has no plans to send its forces to Taiwan.

Chiang, quoted by ruling Kuomintang MP [member of parliament] Wang Tien-ching, pointed out that Beijing had clearly moved the annual drill to the province nearest Taiwan in a bid to intimidate voters ahead of the island's first democratic presidential elections on March 23.

"As far as proximity is concerned, it will be the nearest to Taiwan, along the coast of Fujian," Wang quoted Chiang as saying after the defense minister briefed MPs in a parliamentary meeting here.

China's southern coastal province of Fujian is just across the Taiwan Strait from the nationalist island.

Chiang and National Security Bureau Director Yin Tsung-wen both denied a Hong Kong newspaper report earlier this month claiming 400,000 men would take part in the exercises.

China has 11 airports along its southeast coast and has deployed some 138 warplanes, Chiang was quoted saying.

For the latest exercises it has brought in 88 fighter jets and four landing craft, two of which are deployed in the town of Xiamen and two at Pingtan, Chiang said.

China has five military divisions in Fujian, each with about 15,000 soldiers. For the exercises, it transferred an air-borne squadron from Hubei and another division from north China.

Chiang also said China's acquisition of Russia's Su-27 fighter jets had not yet given it air superiority over the well-armed nationalist island, because it has yet to master the jets' firing and weapon launching techniques.

Beijing has recently obtained the licensing from Russia to build Su-27 jets in China.

China and Taiwan split in 1949, when the defeated Kuomintang fled to the island at the end of a civil war.

Beijing regards Taiwan as a renegade province awaiting reunification with the mainland and has vowed to invade should Taiwan ever declare formal independence.

#### **Taiwan: Mainland Preparations To Extend Coastal Zone Cited**

*OW1302111096 Tokyo KYODO in English  
1034 GMT 13 Feb 96*

[FBIS Transcribed Text] Taipei, Feb. 13 KYODO — China will follow Japan in applying a 200-nautical mile exclusive economic zone off its coasts within this year, heightening prospects for an escalation of long-standing territorial disputes, a Taiwan daily reported Tuesday.

The CHINA TIMES, quoting officials with the cabinet-level Council of Agriculture, reported that Taiwan fishery authorities have gathered information showing that China is making legal preparations to declare a 200-mile zone.

The paper said the move could bring a renewal of Chinese territorial claims in the East and South China Seas.

The UN Convention on the Law of the Sea, which went into force in 1994, obliges all signatory nations to respect an exclusive 200-mile economic zone off a nation's coastline.

Within their zones, states have the exclusive right to fish or exploit natural resources such as oil, reclaim land and construct artificial islands.

Taiwan declared such a zone in 1979 and Japan plans to ratify the convention during the current Diet session.

China, Taiwan and Japan claim the Senkaku Islands, known in Chinese as the Diaoyu Islands or Diaoyutai, some 150 kilometers northeast of Taiwan as their own territory.

China and Taiwan together with four other nations also have conflicting claims to the Spratly Islands in the South China Sea.

Beijing has spelled out its claim to the Senkaku Islands in its 1992 territorial law, but is, nonetheless, preparing additional laws defining its exclusive economic zone, the paper said.

It said that given Beijing's and Tokyo's moves, Taipei is hurrying to mold into law its 200-mile zone. Taipei is also wary that fishing disputes with China could intensify after Beijing declares a 200-mile exclusive zone, the report said.

**Taiwan: Independent Legislators Propose Mainland Delegation**

OW1302092896 Taipei CNA in English  
0901 GMT 13 Feb 96

[By Flor Wang]

[FBIS Transcribed Text] Taipei, Feb. 13 (CNA) — Independent legislators on Tuesday released a "parliament diplomacy" position paper, calling for the formation of a "parliamentary external relations delegation" to visit Mainland China to help ease tensions over the Taiwan Strait.

The position paper said the delegation should get into contact with its mainland counterpart, the National People's Congress (NPC), to discuss ways of cross-strait tensions.

Independent lawmaker Liao Hsueh-kwang made public of the paper on behalf of the "Office of Independent Legislators." [sentence as received]

The Legislative Yuan heard reports on cross-strait relations from government officials, including Foreign Affairs Minister Chien Fu, National Defense Minister Chiang Chung-ling, National Security Bureau Director-General Yin Tsung-wen and acting Mainland Affairs Council Chairman Kao Kung-lian. The briefing was aimed to familiarize the lawmakers with the information they needed to form a "Legislative Yuan ad hoc group on cross-strait development."

The position paper said a delegation comprising legislators from the ruling Kuomintang, the opposition Democratic Progressive Party, New Party, and independent faction should be formed to serve as a communication channel between the people of the two sides.

The delegation should visit the mainland as soon as possible and exchange visits with the NPC to help improve the current situation between the two sides, the position paper proposed.

**Taiwan: DPP Urges Businessmen To Withdraw Mainland Investment**

OW1002001296 Taipei CNA in English  
0914 GMT 9 Feb 96

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, Feb. 9 (CNA) — The Democratic Progressive Party (DPP), Taiwan's largest opposition party, on Friday appealed to Taiwan businessmen to withdraw their capital from Mainland China at an "appropriate time" to protest the communist government's mounting military threats to the island.

The pro-independence party said in a press release that at a time when the Beijing regime is intensifying its saber-rattling at Taiwan, local entrepreneurs should consider withdrawing their investments from the mainland to protest its unfriendly move toward their homeland.

Taiwan businessmen have poured more than US\$12 billion into Mainland China for various investment projects, which have helped spur economic development there in recent years.

In the face of Beijing's intensified military intimidation, the DPP said, the 21 million people living in Taiwan should consolidate their will power and stand up to show their determination to defend Taiwan from communist invasion.

The DPP said it will push the United States and other peace-loving countries to reaffirm their commitment to defending Taiwan's security and the flourishing democracy of the world.

If Beijing really attacks Taiwan, the DPP said, it will urge the international community to adopt trade sanctions against communist China.

Since last summer, Beijing has repeatedly issued forceful rhetoric against Taiwan and conducted massive military exercises in areas near Taiwan to signal its displeasure with Taiwan's efforts to win a decent place in the international community.

Press reports said Beijing will launch a new series of military drills in Fujian, the coastal province nearest to Taiwan, from Saturday with an apparent attempt to shake Taiwan's business confidence in the run-up to its first-ever direct presidential elections on March 23.

**Taiwan: More Firms Moving to Mainland 'Despite' Tensions**

OW0902145496 Taipei CNA in English  
0931 GMT 9 Feb 96

[By Chou Yang-li and Debbie Kuo]

[FBIS Transcribed Text] Harbin, Feb. 8 (CNA) — Investment in Mainland China from Taiwan's private business sector continues to increase despite strained cross-Taiwan Strait relations, a mainland official said Thursday.

Zhang Dazhong, director of the Taiwan Affairs Office of Heilongjiang Province, revealed that President Enterprises Corp. and Wei-chuan Foods Corp., two top Taiwanese business groups, have targeted the province, known for its rich agricultural resources, for investment.

The Wei-chuan group has signed agreements with Heilongjiang's Andah Dairy to jointly produce milk and



dairy products, and with Harbin Sugar Refinery for co-production of monosodium glutamate (MSG), according to Zhang.

The president group, meanwhile, is eyeing rich output of soybean in Heilongjiang for the production of salad oil, vegetable protein food supplement, and animal feed.

Kao Ching-yuan, chairman of the President Group, visited Heilongjiang Tuesday to meet local officials for the investment plans, Zhang noted.

Zhang also touted to Taiwan investors the province's thriving businesses—mink and sika deer—which have become the province's major cash earner.

In related news, the Ministry of Economic Affairs has approved two investment projects in Mainland China submitted by the president group.

The President Group is funneling US\$1.53 million into the southern mainland Chinese city of Suzhou for the building of a pharmaceutical plant. The Tainan-based company is also investing another US\$6 million in a animal feed factory in Zhongshan, Guangdong Province, for production expansion.

The MOEA gave go-ahead to 45 Taiwan investment plans in Mainland China Thursday. Among them the Evergreen Group's US\$10.5 million investment in Qingdao, Shandong Province, for the development of a major container terminal and warehousing center.

Chia Hsin Cement, meanwhile, was given the go-ahead to pour US\$5.4 million in Shanghai for a building material factory making autoclaved lightweighted concrete (ALC) plates and bricks, according to sources from the MOEA.

**Taiwan: Business Council Urges Li, Jiang Meeting**  
OW1302023896 Taipei CNA in English  
0110 GMT 13 Feb 96

[By Yang Kuo-lung and Danielle Yang]

[FBIS Transcribed Text] Singapore, Feb. 12 (CNA) — The Taipei Business Council in Singapore suggested on Monday in a draft letter that leaders from the two sides of the Taiwan Strait meet in Singapore to discuss how to maintain peace across the strait.

After being approved by the World Taiwanese Chambers of Commerce, the letter will be sent to ROC [Republic of China] President Li Teng-hui and Mainland Chinese President Jiang Zemin, Taipei business council President Tan You-tien said.

The council said in the letter that cross-Taiwan Strait tensions should be resolved peacefully and with wisdom and that resolving the actions through intimidation or

any other actions would be against the interests of Chinese worldwide.

The letter also asked Li and Jiang to reach out to one another in resolving cross-strait problems, for the "perennial existence" of Chinese.

**Taiwan: Li Teng-hui Considers Improving Mainland Ties**

OW1202134496 Tokyo NIHON KEIZAI SHIMBUN  
in Japanese 12 Feb 96 Morning Edition p 1

[By Isao Yamamoto]

[FBIS Translated Text] Taipei, 11 Feb — Taiwan President Li Teng-hui is considering summit talks with PRC President Jiang Zemin to break the deadlock over Taiwan-PRC relations, if he survives the next presidential election as the Nationalist Party of China [Kuomintang] candidate. A high-ranking Kuomintang source noted Li is also ready to come fully to grips with promoting the "three links" — commercial trade, telecommunications, and transportation between Taiwan and the PRC — after his reelection.

Taiwan has been calling for the Li-Jiang talks by seizing the opportunity at some international conferences; however, President Li Teng-hui is now considering his trip to Mainland China. The source added, "We are ready to set up a special mission if necessary to promote the three links and summit talks."

Relations between Taiwan and the PRC are strained, as the latter is conducting full-scale military exercises in the Taiwan Straits on the eve of the Kuomintang presidential elections scheduled for 23 March. On the other hand, the PRC is beginning to signal for better relations with Taiwan — in February, several PRC Government officials proposed an early promotion of the three links. A PRC source in Hong Kong noted, "Beijing tried to hold down votes for President Li by military exercises and other measures, but they decided his reelection is inevitable." Meanwhile, Taiwan business circles and the public are also calling for better relations with the PRC, because frequent PRC military exercises are causing stocks to plunge and funds to flow out of Taiwan.

According to the Kuomintang source, President Li Teng-hui will define improved relations with the PRC as the top priority task for Taiwan's first democratically elected president. To fulfill the task, he will hammer out positive PRC policies, including his own visit to the mainland.

A non-transit air route was opened late last year to connect Taipei and the mainland via Macao, and this is

seen as an example of moves toward the three links. The Taiwan authorities are preparing sea routes to connect the mainland with Taichung and other major ports in Taiwan.

The Kuomintang source noted: "The key factors for the summit talks and early promotion of the three links are whether the PRC acknowledges Taiwan as a political entity and whether it is possible for both sides to expand bilateral ties by shelving their differences."

**Taiwan: Premier Lien Heads Interim Policy-Making Group**

*OW1202105296 Taipei CNA in English*  
*0932 GMT 12 Feb 96*

[By Flor Wang]

[FBIS Transcribed Text] Taipei, Feb. 12 (CNA) — The government on Monday decided to set up an interim policy-making task force to ensure a smooth going of the nation's first direct presidential elections and to strengthen the people's confidence in the nation's economic and political development.

The decision was made at a special cabinet meeting presided over by Premier Lien Chan.

Members of the task force, headed by Lien himself, include cabinet ministers and senior officials of the central government and provincial government. They will be in charge of making prompt responses to emergency situations, Lien said.

If necessary, the task force will also explain to the public the government's policies in handling important national matters, Lien noted.

Besides Lien, other members of the task force include presidential secretary-general Wu Poh-hsiung, National Security Council secretary-general Ding Mao-shih, Government Information Office director-general Jason Hu, Taiwan Governor James Sung, acting Mainland Affairs Council chairman Kao Kung-lian, Foreign Minister Chien Pu, Economics Minister P.K. Chiang and Interior Minister Huang Kun-huei.

**Taiwan: DPP To Attempt To Block Lien Nomination**

*OW1202054296 Taipei CNA in English*  
*0145 GMT 12 Feb 96*

[By Lillian Wu]

[FBIS Transcribed Text] Taipei, Feb. 11 (CNA) — Democratic Progressive Party (DPP) Chairman Shih Ming-teh said Sunday that the DPP will unite with other forces in the legislature to turn aside the nomination of Lien Chan as the next premier.

The Legislative Yuan is scheduled to decide on Lien's nomination on Feb. 23.

Lien tendered his resignation as ROC [Republic of China] premier on Jan. 25, but was then renominated for the post by President Li Teng-hui. Lien's resignation was in accordance with the spirit of the constitution, which requires that the premier and cabinet quit before a new parliament starts its session.

Shih made the remarks while traveling with former DPP Chairman Chiang Peng-chien to Taichung, central Taiwan, to campaign for the DPP presidential ticket of Peng Min-ming and Frank Hsieh.

Shih said that DPP's stance on the confirmation of Lien's appointment is firm and clear — that it will not cooperate with the KMT and that it will join with anti-Lien forces to block the appointment.

Shih did not answer questions on whether the DPP will nominate other premier candidates or join forces with other parties to form a coalition cabinet if Lien's nomination is denied.

The KMT has a marginal majority of 83 seats in the 164-seat Legislative Yuan, while the DPP holds 53 seats, the New Party, a splinter party of the KMT, holds 21 seats, and nonpartisans hold seven seats.

**Taiwan: Banking Body Takes Steps To Stop Run on Taitung Bank**

*OW1202115896 Taipei CNA in English*  
*0914 GMT 12 Feb 96*

[By Lillian Wu]

[FBIS Transcribed Text] Taipei, Feb. 12 (CNA) — Officials of the Central Deposits Insurance Corp. (CDIC) on Monday took control of the Medium Business Bank of Taitung which was the center of a financial storm caused by a two-day bank run.

The action taken by the CDIC, under the instruction from the Ministry of Finance, has effectively put an end to the crisis and the bank was gradually returning to normal operation.

The run was triggered by reports that You Huai-in, chairman of the bank, and his friends have borrowed NT\$3 [new Taiwan dollars] billion (U.S.\$1.09 million), or more than 40 percent of the bank's net worth of NT\$7.35 billion (U.S.\$267.27 million), from the bank without sufficient collateral.

Panicky depositors withdrew about NT\$9 billion (U.S.\$327 million) from the bank in two days last week.

Officials from the Ministry of Finance and the Central Bank of China (CBC) decided during an emergency meeting Sunday night to replace the chairman and the president of the bank who had been at loggerheads in an internal struggle for power.

Participants in the meeting included CBC Governor Hsu Yuan-dong, CBC Deputy Governor Liang Cheng-chin, Finance Minister Lin Chen-kuo, Vice Finance Minister Chen Mu-tsai, Ministry of Finance Bureau of Monetary Affairs director Sean Chen, and president of the Central Deposits Insurance Corp. Lu Tung-ying.

Hsu said that replacing the management with [words indistinct] professionals will be the practice to deal with financial irregularities in the future.

Central Deposit Insurance Corp. auditors will from now on stop all unsecured loans and lendings to shareholders and step up supervision of the bank operations.

This is the first time that auditors from Central Deposit Insurance have been sent to a small or medium business bank.

Meanwhile, an [words indistinct] of the small and medium business banks decided in a meeting Monday that its members will pool NT\$10 billion (U.S.\$396.69 million) for the Medium Business Bank of Taitung to help it tide over difficulties.

The Central Bank of China also decided to provide a special loan of NT\$6 billion (U.S.\$218.78 million) to the ill-managed bank.

The bank hiked its deposit interest rate Monday to try to lure depositors back. Financial officials said that the bank has a deposit of over NT\$38 billion (U.S.\$1.38 billion) and a net worth of NT\$7.35 billion (U.S.\$267.27 million), and the bank's financial health is still in good shape.



## Hong Kong

### PRC: Sino-British Joint Liaison Group Makes 'New Progress'

OW1202012096 Beijing XINHUA Domestic Service  
in Chinese 1419 GMT 9 Feb 96

[By reporter Luo Zheng (5012 2398)]

[FBIS Translated Text] Hong Kong, 9 Feb (XINHUA) — Zhao Jihua, chief representative of the Chinese side of the Sino-British Joint Liaison Group [JLG], said that new progress was made during the JLG's 35th session which concluded here on 9 February.

Speaking at a press conference, he said: During the three-day meeting, which took place in an amicable atmosphere, the two sides, in a spirit of seeking truth, continued to hold extensive discussions on issues essential to Hong Kong's smooth transition. New progress was made based on a common understanding reached by the Chinese and British foreign ministers in their recent meetings.

Zhao Jihua reported that the meeting's major successes and progress are in the following five areas:

1. How international conventions will continue to be applied in Hong Kong after 1997. The two sides reached a principled agreement in connection with a framework for adapting them and agreed that experts from the two sides should continue to discuss the issue in order to reach a common understanding on the whole issue.
2. Adapting Hong Kong laws. While the Chinese side has always attached great importance to this issue, no progress has ever been made owing to the two sides' longstanding differences on this issue. After studying the issue, the meeting decided that, at an appropriate time, experts will informally notify the British side on the preparatory committee's views on this issue, and the Chinese side will hear the British side's view.
3. Issues concerning franchise contracts. The two sides reached an agreement on granting four franchises, including one on Lion Rock Hill in Hong Kong.
4. Issues concerning dividing up Hong Kong's civil air services agreements. The meeting acknowledged the principled agreements the two sides' experts had reached and the need to deal with unresolved problems. It also officially acknowledged and resolved the issue of civil air services agreements signed between Hong Kong and Singapore and between Hong Kong and Korea.
5. Issues concerning international rights and obligations, including those prescribed in bilateral agreements. The Chinese side concurred that the British side may of-

ficially authorize the Hong Kong Government to negotiate with several countries on the transfer of convicts. The two sides also reached an agreement on the continued application of three international conventions (the International Convention on Civil Air Services; the Agreement on the Transit of International Flights; and the International Convention on Sailors' Training, Licensing, and Duties of Work Shifts).

Zhao Jihua indicated that the Chinese and British sides should continue to work hard to resolve certain unsolved problems, including:

— The problem concerning the transfer of government. The Chinese side will continue to urge the Hong Kong Government to set up a panel of experts as quickly as possible to discuss issues concerning the transfer of government assets and archives. The Chinese side maintained that the British side should attend to this problem because it will have an impact on Hong Kong's smooth transition and Hong Kong people's confidence if the problem is not solved.

— The problem concerning the franchise for operating Container Terminal No. 9. The Chinese side's attitude toward this issue has always been positive. The Chinese side maintained that, as far as the franchise contracts that go beyond 1997 are concerned, it is duty-bound to consider the special region's interests and will therefore review the relevant franchises in a responsible manner. When the meeting was in session, the British side still was unable to present a well-conceived plan for consideration by the Chinese side. The Chinese side expressed the hope that efforts be stepped up so that a plan acceptable to all parties is reached.

— The problem concerning the franchise for personal communication services. The Chinese side has all along been working earnestly and responsibly in handling all major franchises that go beyond 1997. The meeting made substantial headway in discussing tunnel operations franchises, and the progress made also proved China's positive attitude. The Chinese side expressed the hope that the British side would furnish information concerning the franchise for personal communication services and proposed that the two sides will continue to discuss the issue this month.

— Issues concerning the right of abode in Hong Kong. The Chinese side's stand has always been clear in this regard, and the Chinese side has been working hard to find the most liberal way to handle this issue under the premise that it is in line with the Joint Declaration, the Basic Law, and the Chinese Nationality Law. Since entry and exit for Hong Kong is complex, it will take time to draw up a reliable comprehensive way that can deal with a variety of situations.

**PRC: People's Bank, Hong Kong Sign MOU on Repurchase Agreement**

OW0902133896 Beijing XINHUA in English  
1241 GMT 9 Feb 96

[FBIS Transcribed Text] Hong Kong, February 9 (XINHUA) — A high-ranking official of the People's Bank of China (PBoC) today described a memorandum of understanding (MOU) between the PBoC and the Hong Kong Monetary Authority (HKMA) as "a New Year's gift to the people of Hong Kong, especially those in the financial field".

The MOU for the repurchase of U.S. dollar government securities was signed here today by Chen Yuan, deputy governor of the PBoC, and Joseph Yam, chief executive of the HKMA, in a move expected to strengthen the links between the two institutions.

"The MOU we signed here today demonstrates our confidence in the prospect of Hong Kong and our determination and support in maintaining Hong Kong as a financial center," said Chen.

"We hope that Hong Kong's economy, particularly finance, could enjoy an ever larger development in the new year. And we shall make efforts, together with the HKMA to maintain and safeguard the economical stability in Hong Kong," he said.

"And the People's Bank of China fully supports the present monetary arrangements in Hong Kong, especially the related exchange rate system," Chen added.

The latest agreement is the sixth of its kind the HKMA has signed with central banks in the region, Yam said. The HKMA has already signed similar MOUs with the central banks of Australia, Indonesia, Malaysia, the Philippines and Thailand.

"It is a very good way of demonstrating the mutual cooperation that we can have among the central banks in the region.

"This is only one type of cooperation. Of course there are other types of cooperation which we are talking each other. For example, in the development of debt markets, the development of paying systems, and in banking supervision, etc.," he said.

"In the years to come, you will see a higher level of cooperation among central banks in this region," he predicted.

Entering these repurchase agreements with central banks, whose credit standings are generally higher than those of private sector banks, would improve the liquidity of the Exchange Fund under minimal risk and

strengthen cooperation among regional central banks, experts say.

Yam said, "Our agreement with the PBoC is of particular importance as it will improve liquidity of the Exchange Fund and further strengthen our ties with the PBoC which will be of long-term benefit to Hong Kong."

"This is another demonstration of China's commitment to the implementation of the 'one country, two systems' principle," he added.

**Hong Kong: MOU With PRC To Facilitate Exchange Movement**

OW1302064296 Beijing ZHONGGUO XINWEN SHE  
in English 1305 GMT 9 Feb 96

[FBIS Transcribed Text] Hong Kong, February 9 (ZHONGGUO XINWEN SHE) — The People's Bank of China (PBoC) has reached an agreement with the Hong Kong Monetary Authority (HKMA), Hong Kong's de facto central bank, on the re-purchase of debentures issued by the U.S. Government.

Similar agreements have been made by the HKMA with the central banks of Australia, Indonesia, Malaysia, the Philippines and Thailand.

Under the agreement, the parties undertake to buy debentures and then re-sell them at stipulated prices.

As the central banks have a higher credit rating than the private banks, agreements made with them not only facilitate the free movement of foreign exchange at low risk but also enhance closer co-operation between the region's central banks.

Chen Yuan, deputy governor of PBoC said at the signing ceremony: "We are pleased to have made an agreement with the HKMA. This will no doubt stimulate closer ties between us, now and beyond 1997. PBoC fully supports Hong Kong's existing monetary system especially the alignment of its currency with the US dollar."

HKMA chief executive, Joseph Yam, hailed the importance of Hong Kong's agreement with PBoC. He said "this will certainly facilitate the free movement of foreign exchange and permit increased co-operation with PBoC. This is beneficial to the territory in the long run and truly reflects the one country, two systems principle."

**Hong Kong: Consortium To Build New Airport  
Freight Center**

*OW1302031596 Beijing XINHUA in English*  
*0238 GMT 13 Feb 96*

[FBIS Transcribed Text] Hong Kong, February 13 (XINHUA) — The Hong Kong Airport Authority has signed an agreement with the Sun Hung Kai Properties-led consortium to build and operate Check Lap Kok's air freight forwarding center, according to a spokesman of the authority.

The spokesman said that the center will be one of the major real estate projects for Hong Kong's new airport at Check Lap Kok and it is also the first sub-lease agreement on the real estate development signed by the airport authority since it was set up last December.

The agreement confirmed that there was a great deal of confidence in the new airport at Check Lap Kok, he said.

Under the 20-year operating sublease agreement, Sun Hung Kai will finance, design, build and operate the center which will occupy a total floor area of 139,000 square meters.

The investment for the project will be of about 1.9 billion HK dollars (243.58 million US dollars) and the center has the potential to expand to 288,000 square meters.

**Hong Kong: Article Views PRC, Human Rights  
Covenants**

*HK1302100596 Hong Kong EASTERN EXPRESS*  
*in English 13 Feb 96 p 11*

[By Rain Ren]

[PTS Transcribed Text for FBIS] China is taking steps to dodge making reports on Hong Kong's human rights situation to the United Nations after the 1997 handover, as demanded by Britain and some legislators.

Beijing has decided to exclude two key international human rights covenants from a list of international treaties which it will agree to apply to Hong Kong after the 1997 handover.

The two covenants are: the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights. China is not a signatory to either treaty.

The shock revelation comes despite a reported breakthrough at the latest Sino-British Joint Liaison Group (JLG) meeting last week.

At the meeting, Britain and China agreed on a legal instrument to ensure nearly 200 multilateral international

treaties currently applied to Hong Kong would continue after July 1, 1997, including those treaties to which China is not a signatory.

Britain had hoped that once the legal instrument was confirmed, China would take over from Britain the rights and obligations under these treaties as the territory's new sovereign power, including the two covenants.

Under the provisions of the two covenants, Britain as Hong Kong's sovereign state is obliged to submit an annual report to the UN on the territory's human rights situation.

However, China has made sure the two covenants will not be among the treaties whose rights and obligations China will inherit from Britain.

"The legal mechanism will only apply to those treaties Britain and China have agreed under the JLG and the two rights covenants are not included," a senior Chinese official said last night.

He said the provisions of the two covenants as applied to Hong Kong would be implemented through the laws of the special administrative region government.

Yesterday, British JLG officials were reluctant to talk about the two covenants.

A British official said the two sides had not started talking about individual treaties but "will be in due course".

"Taking about it now will only upset the Chinese."

Britain and China have agreed on a legal framework with a mixture of diplomatic and legal procedures to ensure the international treaties will continue to apply to Hong Kong beyond the handover.

**Hong Kong: UK Legislators Support Some  
Visa-Free Access**

*HK1202093396 Hong Kong SOUTH CHINA*  
*MORNING POST in English 12 Feb 96 p 4*

[By Chris Yeung in London]

[PTS Transcribed Text for FBIS] There is all-party support in the British Parliament for Special Administrative Region (SAR) passport holders to have visa-free access, according to Hong Kong Commissioner in London Sir David Ford.

But the minister in charge of Hong Kong affairs, Jeremy Hanley, maintained he was "completely neutral" on the issue, insisting London had to consider all arguments for and against granting the privilege.



Sir David said last week Hong Kong officials had been arguing strongly for the granting of visa-free entry.

He said the issue had received support from the Foreign Office and government departments keen on boosting trade between Britain and Hong Kong. "If visa-free is not given to Hong Kong and there is the danger of a visa restriction regime being imposed, it could affect business and trade links," said Sir David, a former chief secretary.

He said opposition from the Home Office was because the number of SAR passport holders would be much larger than the present number of British National (Overseas) passports holders, who do not require a visa.

At present, 1.3 million holders of the Certificate of Identity need a visa.

"There is a question of principle involved ... It's not one about passports, but an administrative measure," Sir David said.

He and London officials said they expected a decision shortly.

A senior London official said it was a domestic issue, and there was no intention to use it as a bargaining chip to curry favour with China.

He was not aware of a serious problem of overstaying by Hong Kong residents in Britain. But concerns of the Home Office and the visa requirements of other European countries needed to be taken into account, the official said.

Foreign Secretary Malcolm Rifkind promised during his visit to Hong Kong last month to reach a decision in "two to three months".

Mr Hanley said officials were committed to the timetable.

One issue to be considered was the trend for EU countries to increase the list of visa-required countries.

#### **Hong Kong: Editorial Views UK Visa Stance**

**HK1202093596 Hong Kong SOUTH CHINA MORNING POST in English 12 Feb 96 p 16**

[Editorial: "A Ridiculous Neutral Stance"]

[PTS Transcribed Text for FBIS] So Jeremy Hanley, Britain's Minister in charge of Hong Kong affairs, has decided to keep his head down on the one remaining issue where London could be of real benefit to the territory. Rather than champion the cause of visa-free access for Special Administrative Region (SAR) passport holders, Mr Hanley pronounced himself "completely neutral", preferring to rehearse objections to such a move.

These do not stand up to much scrutiny. In noting the trend within the European Union to demand visas from an increasing number of nationalities, Mr Hanley neglects to mention this is because, under the Schengen Convention, one visa will now allow access to 10 continental countries.

Equally spurious is Whitehall's objection that SAR passports will be issued to large numbers who now possess only a Certificate of Identity, and so require a visa to enter the UK. This ignores the fact that most of those who fall into this category can already qualify for visa-free access by naturalising as British Nationals (Overseas). Yet the fact such feeble excuses are being rehearsed is a worrying sign that opinion in London may be swinging against Hong Kong on this issue. It is not enough that there is reportedly all-party support for visa-free access in the House of Commons. This counts for little against the entrenched opposition of the Home Office. The only realistic hope would be if another powerful ministry were to counter this, by arguing strongly in favour of granting such privileges, when the issue comes before the British Cabinet. That role could only be played by the Foreign Office.

Unfortunately, Mr Hanley's preference for describing the argument as "keenly balanced" offers little cause for optimism the Foreign Office will be willing to do so. With the Foreign Office keeping its head down, and being tough on immigration in vogue in London, no one else should be expected to stick their neck out on Hong Kong's behalf. This means the stage is set for Britain's final betrayal of the territory.

#### **Hong Kong: Governor Patten Discusses Hong Kong's Future**

**MS0802104896 London THE DAILY TELEGRAPH in English 8 Feb 96 p 10**

[Interview with Hong Kong Governor Chris Patten, by Graham Hutchings; in Hong Kong, date not given]

[FBIS Transcribed Text] Chris Patten, snubbed and insulted by Beijing since he became Governor of Hong Kong, turned the tables on his tormentors yesterday saying Chinese officials had "difficulty understanding the nature of a free society".

In a combative mood despite the rapidly approaching expiry of his tenure in Britain's last major colony, Mr Patten said local people would feel more confident if Chinese officials "behaved in a more civilised way".

The governor also:

— Accused members of the business community of pursuing selfish interests in their dealings with Beijing;

— Insisted that Britain would demand a dignified exit from Hong Kong on June 30 next year, despite lack of agreement with China on the form ceremonies to mark the occasion should take;

— Maintained he was looking forward to the appointment of his successor, the first Chief Executive, because someone else would then understand the difficulty of running Hong Kong.

Mr Patten said he had not been hurt by Chinese descriptions of him as a serpent, a tango dancer and a political prostitute during his campaign to extend democracy in Hong Kong.

The mud-slinging, and the refusal of Chinese officials to meet him, had made him "raise an eyebrow occasionally". But it was demeaning for Beijing rather than damaging to Hong Kong.

"I don't think it's all that damaging for Hong Kong [because] when Chinese officials did talk, not very much happened. Indeed, I suppose you could argue that, even on these ridiculous non-speak terms, we've managed to get more done now than we have in the past, and so we should."

He said Beijing's insults and slights were typical of communist rather than Chinese behaviour. "I've read enough Chinese history ... to know that it's not typical of Chinese behaviour, though it does perhaps characterise some of the behaviour of party cadres."

"Preoccupation with face should actually concede that other people have face too, but I'm not sure that's a very Leninist way of looking at it."

The Governor said he was much more concerned that senior Chinese officials had so little experience of what Hong Kong society was like. "I think it is worrying that senior officials haven't spent more time in Hong Kong."

"It would be regarded as quite extraordinary by the rest of the world to know how little first-hand experience senior Chinese officials had of what is going to be the richest city in China, a city equivalent of a quarter of China's GDP. It exacerbates a worrying lack of understanding about what makes Hong Kong tick."

In a sideswipe at Beijing's preference for listening to Hong Kong's businessmen rather than to its elected politicians, the Governor said: "I don't think that understanding is necessarily helped if the only people that Chinese leaders ever talk to are billionaires whose principal concern is that they should go on being billionaires."

He questioned the motives of some of the colony's business leaders, many of whom sided with Beijing in the dispute over political reform and have since joined

the Preparatory Committee set up by China to form the post-1997 government.

"There is hardly a well-off businessman in Hong Kong who doesn't want, for himself, the insurance of being able to live in a free society, of being able to have his company or family trust fund domiciled in a free society."

"So I can't believe that those businessmen don't understand the relationship between the rule of law, between the values of pluralism, and being able to live a decent life."

"I'm surprised that some appear to give the impression that, while those things are necessary for the good life for themselves, they don't matter in Hong Kong for those who haven't got a British, an American or a Canadian passport."

The Governor said the voice of business had been very helpful to Hong Kong in settling some issues, citing a deal on the territory's Court of Final Appeal. But there was much else that the business community "could and should say" to Beijing in sticking up for Hong Kong.

Mr Patten indicated that Britain and China were finding it difficult to agree on the organisation of ceremonies to mark the historic transition next year.

Beijing is believed to want only a small-scale affair on June 30 that would, in its way, be a final snub directed at the last Governor of Hong Kong. The real party for China would take place on July 1, when the British had left.

The Governor said: "I don't think that Britain looks for a triumphalist departure even though there is much to be quietly very satisfied about in the way that a haven for refugees... has become one of the most successful cities in the world."

"But we want to depart in a decent, honourable and orderly way. It would be far better were we able to do so showing some important elements of co-operation with Chinese officials."

Both sides had an interest in being able to demonstrate to the world that they had sorted out a "19th century problem in a more or less amicable way".

China is expected to appoint Hong Kong's first Chief Executive later this year, but Mr Patten said this would not undermine his own position in the remaining months of British rule.

"I think life will be easier when there is a Chief Executive-designate rather than more difficult... and I look forward to an appointment with enthusiasm," he said.

"When there's a Chief Executive, there will be somebody else in Hong Kong who understands the difficulties and responsibilities of this extraordinary job.

There would be an enormous amount of support and goodwill in the community for whoever was named, but it would be a very difficult job. "The Chief Executive is not going to have an easier time than I've had. My hunch is that potential candidates won't be unaware of just how demanding a job it's going to be.

"There will be some potential candidates who ask for the chalice to be passed on to somebody else."

The Governor said he hoped that he and whoever was chosen "would be able to find similar language to express our confidence in the future of Hong Kong".

#### **Hong Kong: Prime Minister John Major To Visit 3-4 Mar**

*HK1302094696 Hong Kong SOUTH CHINA MORNING POST in English 13 Feb 96 p 1*

[By David Wallen in London and staff reporters]

[PTS Transcribed Text for FBIS] Prime Minister John Major will visit Hong Kong on March 3 and 4, giving another strong signal that the British Government stands firmly behind Governor Chris Patten.

Mr Major will stay at Government House and plans to hold talks with Legislative Councillors and business and community leaders.

He will first attend the European Union-ASEAN summit in Bangkok, where there are hopes of a meeting with senior Chinese figures, perhaps including Prime Minister Li Peng or President Jiang Zemin, to discuss Hong Kong issues, British trade and other links with China.

But sources in London were at pains to make clear that, so far, no meetings had been agreed and talks might depend heavily on the time leaders have available in the Thai capital.

Mr Major is not expected to make any significant announcements in Hong Kong, according to British sources.

There had been hope that the British Government would by then have reached a decision on whether it would grant visa-free access to future Special Administrative Region passport holders.

Ministers have discussed the issue but it is understood a decision is still some way off.

Even if Mr Major were personally in favour of granting visa-free access and inclined to go along with Mr Patten's views that Britain should do so, he must heed

the concerns of right-wing Home Secretary Michael Howard, who represents a considerable body of opinion in the Tory Party and has been cool on the idea so far.

One senior British source said Mr Major would want to "listen and learn" from opinion in Hong Kong before a decision was taken.

He will be accompanied to Bangkok by Foreign Office Minister Jeremy Hanley, who is not expected to visit Hong Kong.

Mr Major last visited the territory in 1991 following the original signing of the agreement on the new airport with Mr Li in Beijing.

Mr Major will go on from Hong Kong to South Korea, where he will hold trade talks with President Kim Yong-sam.

Meanwhile in Hong Kong, government spokesman Kerry McGlynn said it was hoped Mr Major's visit would provide a morale boost for the entire community.

It would underline the British Government's commitment to Hong Kong before and after 1997 as well as his support for the Governor, he said.

Mr McGlynn said the Prime Minister would not meet Legco [Legislative Council] members in open session, as Foreign Secretary Malcolm Rifkind did. Meetings would be held privately in Government House.

A call for an open session was made by legislators after a meeting with Mr Patten yesterday.

It is understood Mr Major will visit some airport project sites.

#### **Macao**

#### **Macao: Portuguese Foreign Minister Gama Arrives for Visit**

*OW1002163396 Beijing XINHUA in English 1503 GMT 10 Feb 96*

[FBIS Transcribed Text] Macao, February 10 (XINHUA) — Portuguese Foreign Minister Jaime Gama said today that his government will make efforts to ensure a stable transition of Macao so that bilateral relations between Portugal and China will be enhanced.

The foreign minister arrived here tonight en route to Beijing for an official visit beginning February 12.

In a brief speech upon arrival, Gama said his government will, in accordance with the joint declaration on the question of Macao signed by the two governments



in 1987, create favorable conditions for a stable transition of Macao before it reverts to China's exercise of sovereignty in 1999.

Gama said the Portuguese government attaches great importance to relations between Portugal and China, and has been enjoying good cooperation with China in many fields.

"The Portuguese government encourages contacts with China during the transitional period of Macao," he said, "so that our friendly relationship will be strengthened."

The foreign minister also said his visit to Beijing will help pave the way for the upcoming Europe-Asia summit meeting to be held soon in Bangkok. One purpose of his visit is to help promote dialog between the European Union and Asian nations including China.

During his two-day stay here, the foreign minister will meet with the Macao Governor, officials of the Sino-Portuguese Joint Liaison Group and the head of the Macao Legislative Assembly.

**Macao: Foreign Minister Gama Views Transition**  
*OW1202235296 Beijing XINHUA in English*  
*1602 GMT 12 Feb 96*

[FBIS Transcribed Text] Macao, February 12 (XINHUA) — Portuguese Foreign Minister Jaime Gama said

here today that he will try to promote cooperation, understanding and dialog with China during his visit to Beijing.

At a press conference shortly before he leaves for Beijing on an official visit today, the Portuguese foreign minister said that the Portuguese government will make efforts to create confidence, so that the transition process of Macao may be completed in a right and constructive way.

He said that confidence should be established in the transition of Macao because it is a "precious capital" that will contribute to the stable transition.

"It is an important foreign policy of the Portuguese government to ensure a stable transition of Macao," Gama said, adding that it is "in the interest of people in Macao," China's mainland and Portugal.

The foreign minister stressed that both the Portuguese government and the president-elect, Jorge Sampaio, belong to the "same political area" and could only be beneficial to Macao's transition period, which will be based on the Sino-Portuguese joint declaration signed by the two governments of Portugal and China in 1987.

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